



Travis County Commissioners Court Agenda Request

Meeting Date: 10/9/2012, 9:00 AM, Voting Session

Prepared By/Phone Number: Planning and Budget Office

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive, *LB*
Planning and Budget

Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE:

Consider and take appropriate action regarding an economic development agreement with HID Global Corporation for financial incentives.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

HID Global Corporation has requested financial incentives under an economic development agreement to establish a manufacturing and distribution center in Travis County, to create jobs, and to make investments in Travis County that will increase the value of the County's tax base. The State of Texas announced its commitment to invest \$1.9 million through the Texas Enterprise Fund in HID Global Corporation, contingent upon finalization of local incentives. The Austin City Council approved an economic development agreement with the company on September 27th.

A presentation to the Commissioners Court was made on September 25th (to introduce a public hearing) that summarized key information about HID Global Corporation, the major elements of the proposed project, and the key terms of the proposed agreement. On October 2, 2012, the Commissioners Court approved the key terms to be included in the final agreement.

STAFF RECOMMENDATIONS:

The Planning and Budget Office recommends approval of the attached agreement with HID Global Corporation, which reflects the terms approved by the Commissioners Court on October 2nd.

ISSUES AND OPPORTUNITIES:

N/A

FISCAL IMPACT AND SOURCE OF FUNDING:

N/A

REQUIRED AUTHORIZATIONS:

Planning and Budget Office
County Judge's Office

Jessica Rio
Cheryl Aker

FILED FOR RECORD
2012 NOV 13 PM 6:00
DANA DE BEAUVILLE
COUNTY CLERK
TRAVIS COUNTY, TEXAS

Revised
#21
10/19

Leslie Browder

From: Leslie Browder
Sent: Monday, October 08, 2012 3:49 PM
To: Commissioners-Court
Cc: Mary Etta Gerhardt; Leroy William Nellis
Subject: Final Draft Agreement with HID Global Corporation
Attachments: 10092012 Travis County HID Global final draft.pdf

Judge and Commissioners,

Attached is a slightly revised economic development agreement between Travis County and HID Global Corporation. We do not consider the changes to be substantive and recommend your approval. I have highlighted below the changes that you will see when you review the attached agreement. At the meeting tomorrow, we will be prepared to review these changes with you and will provide an updated copy to the County Clerk's office for the minutes.

Summary of proposed changes:

1. Page 1 – HID Global wished to indicate that the facility could ultimately be 200,000 square feet or more, instead of "up to" as we had initially included in the agreement.
2. Section 4.2.1 – We have clarified the potential schedule for various milestones in the agreement after discussion with company representatives.
3. Section 4.2.2 – HID Global asked that we add some language to the section governing inspections, which essentially has the County acknowledging that their project operations are of a highly sensitive nature and will be held confidential to the extent allowable by law. This is a reasonable request, and we have included this language in other agreements related to construction. We are simply extending this to apply to operations that we may observe when inspecting the project facilities.
4. Section 5.1.1(c) – HID Global plans to consolidate 4 different locations to 1 in Austin, and as such, they intend to maintain a long-term significant presence in Austin. They will be purchasing the planned site for this consolidation, but in the event that their management might determine sometime in the future that it would be more advantageous to sell the property and then lease it back, then this provision allows them to continue to be eligible for the grant payment, provided they structure the arrangement such that they are paying the ad valorem taxes (and, of course, continuing to meet the performance criteria). We recommend approval of this provision.
5. Section 8.2 – We inadvertently included a recapture provision. We had previously briefed the Court that due to the expedited building program planned by the company, the jobs and facility will be completed before the first payment would be made. Inclusion of that provision was simply an oversight on our part.
6. We have also included 2 attachments not previously provided. They are: Attachment A (legal description of property and projection description) and Attachment B (our standard Ethics affidavit).

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2012 OCT -9 PM 4:33
DANA DEBEAUVOUR
COUNTY CLERK
TRAVIS COUNTY, TEXAS

ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
HID GLOBAL CORPORATION

This Economic Development Agreement ("Agreement") is entered into by and between Travis County, Texas, a political subdivision of the State of Texas ("County"), and HID Global Corporation, a Delaware corporation with its principal place of business in Irvine, California, qualified to do business in Texas, its successors and assigns ("Company"), which owns or will own, or have allowable interest in (as defined in this Agreement) taxable real property in Travis County, Texas.

RECITALS

WHEREAS, Travis County is authorized to enter into this Agreement under Chapter 381 of the Texas Local Government Code ("Chapter 381"); Subsection 381.004(b), authorizing counties to develop and administer community and economic development program(s) to stimulate business and commercial activity in a county; and Subsection 381.004(h), authorizing counties to develop and administer a program under Subsection 381.004(b) for making loans and grants of public money; and counties are authorized to pursue economic development under other statutes.

WHEREAS, it is the intent of Travis County and the Company that, as a result of the Company's development under this Agreement, business and commercial activity in Travis County will be stimulated, and commercial activity will be encouraged, developed and stimulated, producing additional tax revenue, job opportunities, and small business opportunities for Travis County.

WHEREAS, the Company has stated that the Project described in this Agreement would not be completed as set forth without the herein granted County assistance.

WHEREAS, the Company intends to develop a new manufacturing and distribution operations center ("Center"), with approximately 200,000 square feet or more, to be located at 601 Center Ridge Drive in the TechRidge Development in Austin, Texas, which will contribute to the general economy of Travis County, Texas; make significant capital investments, thus increasing the tax base for Travis County; and create new full time jobs, which will benefit the job force of Travis County.

WHEREAS, the investment by the Company is estimated to be approximately \$36,000,000.

WHEREAS, the Commissioners Court finds that the development set forth in this Agreement will result in substantial immediate and long-term benefit to Travis County and significant financial benefit to other taxing entities within Travis County and will promote state and local economic development, all furthering a public purpose.

NOW, THEREFORE, in consideration of the hereinafter set forth agreements, covenants, reimbursements and payments, the amount and sufficiency of which are acknowledged, the County and the Company agree to the terms and conditions stated in this Agreement.

1.0 DEFINITIONS. In this Agreement,

1.1 "Ad Valorem Taxes" means those property taxes assessed by the County on real and personal property located within Travis County.

DAYA DEBEAUVOR
COUNTY CLERK
TRAVIS COUNTY, TEXAS

1.2 "Affiliate" means all companies under common control with, controlled by, or controlling the Company. For purposes of this definition, "control" means 50% or more of the ownership determined by either value or vote.

1.3 "Agreement Term" means that time period commencing on the Effective Date of this Agreement, and continuing through December 31, 2025.

1.4 "Base Year" means calendar year 2012.

1.5 "Base Year Value" means the taxable value assessed by the County for the purpose of the payment of Travis County Ad Valorem Taxes on the Eligible Property on January 1, 2012, as set forth on the certified tax rolls of the County.

1.6 "City Agreement" means the Economic Development Agreement between the Company and the City of Austin, a copy of which is attached to this Agreement and marked Attachment D.

1.7 "Commissioners Court" means the Travis County Commissioners Court.

1.8 "Completion Date" references construction, and means the date of issuance of the Certificate of Occupancy for the Project. The Parties agree that the Completion Dates will be as follows:

1.8.1 Investment of \$30,000,000 in new facility and construction Completion Date for facility: on or before June 30, 2014.

1.8.2 Investment of \$6,000,000 and Completion Date for installation of business personal property: on or before December 31, 2017.

1.9 "Construction Delay" means a material delay in the construction of the New Improvements for the Project that affects the Construction Timetable and is the result of (i) force majeure as described in Section 14.6, or (ii) the inability of the Company, through no fault of its own, to obtain the necessary permits and approvals of the City of Austin, or other governmental entity, in a timely manner.

1.10 "Construction Timetable" means the timetable for the commencement and completion of construction of the various buildings comprising the New Improvements that will be needed to enable the Company to provide the Required Number of Jobs in accordance with the Employment Schedule.

1.11 "County Auditor" means Nicki Riley, the Travis County Auditor, or her successor.

1.12 "Effective Date" for purposes of the Agreement Term, will be October 1, 2012, upon execution of the Agreement by both Parties

1.13 "Employees" means, collectively, employees of the Company performing existing Fulltime Jobs or New Full-time Jobs.

1.14 "Employment Year" means each of the ten (10) years referenced in paragraph (b) of Section 5.1.2.

1.15 "Employment Schedule" means the schedule in paragraph (b) of Section 5.1.2 for the Company to provide the Required Number of Jobs.

1.16 "Eligible Property" means New Improvements and New Machinery and Equipment classified as new construction by TCAD for valuation purposes.

1.17 "Grant Funds" or "Grant Payment" means those funds paid by the County to the Company pursuant to this Agreement and applicable law as a result of performance of obligations under this Agreement, the amount of which is based on a percentage of specified Ad Valorem Taxes paid by the Company on Eligible Property.

1.18 "Is doing business" and "has done business" mean:

1.18.1 Paying or receiving any money or other valuable thing in exchange for personal services or for purchase or use of any property interest, either real or personal, either legal or equitable; or

1.18.2 Loaning or receiving a loan of money, services, or goods or otherwise creating or having in existence any legal obligation or debt;

but does not include:

1.18.3 Any payments, receipts, loans, or receipts of a loan which are less than \$250 per calendar year in the aggregate; or

1.18.4 Any retail transaction for goods or services sold to a Key Contracting Person at a posted, published, or marked price available to the general public.

1.19 "Key Contracting Person" means any person or business listed in Exhibit A to the Ethics Affidavit attached to this Agreement and marked Attachment B.

1.20 "New Full Time Jobs" are full-time jobs created after the Effective Date and held by employees of the Company that are hired and employed at the Project after the Effective Date.

1.21 "New Improvements" means means that development done by the Company as part of the Project to be constructed, expanded, and renovated as set forth in this Agreement. A list of the proposed New Improvements is set forth on Attachment A hereto and made a part hereof.

1.22 "New Machinery and Equipment" means machinery, equipment, and other items treated as personal property by the relevant taxing authorities, and purchased after the Effective Date, and installed and used at the Project for the purpose of supporting the operations of the Company.

1.23 "Parties" and "Party" means the County and/or the Company.

1.24 "Payment Term" means that time period beginning on January 1, 2016, and ending on December 31, 2025, unless earlier terminated pursuant to the terms of this Agreement. Each calendar year within the Payment Term is designated as a Payment Year.

1.25 "Payment Year Value" means the taxable value of new improvements on the Property determined by Travis Central Appraisal District for the purpose of the payment of Travis County Ad Valorem Taxes on the Eligible Property for any tax year included in the Payment Term of this Agreement as set forth on the certified tax rolls of the County.

1.26 "PBO" means Travis County Planning and Budget Office.

1.27 “Project” means the proposed development, as described herein, of the new Americas Operations Center of the Company, as more fully described in Attachment A.

1.28 “Property” means the land (real property) on which the Project will be developed as further described in Attachment A.

1.29 “Grant Percentage” means the percentages referenced in Section 4.1.1 to be used to calculate the Grant Funds paid to the Company pursuant to this Agreement.

1.30 “Required Average Annual Compensation” means the average annual compensation, excluding health insurance and retirement benefits.

1.31 “Required Number of Jobs” means, for any calendar year during the Agreement Term, the minimum number of Existing Full-time Jobs and New Full-time Jobs the Company is required to either create or maintain during that calendar year as stated in Section 5.1.2(a).

1.32 “TCAD” means the Travis Central Appraisal District.

1.33 “Termination Date” means the earlier to occur of

(a) December 31, 2025, or

(b) the date on which this Agreement Term is terminated pursuant to the other provisions of this Agreement.

2.0 GENERAL TERMS

2.1 **Authority: Statutory Authorization.** The County is authorized to enter into this Agreement under the Texas Local Government Code, Chapter 381, Subsection 381.004 (and other applicable provisions of the Texas Local Government Code, Chapter 381, and other applicable statutes), in order to stimulate business and commercial activity in Travis County, Texas.

2.2 **Purpose.** The purpose of this Agreement is to grant benefits to the Company in order to stimulate and encourage business and commercial activity in Travis County, to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Travis County.

2.3 Terms.

2.3.1. **Agreement Term.** The County and the Company acknowledge and agree that, unless earlier terminated by the Parties pursuant to the terms of this Agreement, this Agreement shall be effective commencing on October 1, 2012 (the Effective Date, as defined herein), and continuing through December 31, 2025, unless earlier terminated pursuant to the terms of the Agreement.

2.3.2. **Payment Term.** The payment of the Grant Funds will take place upon compliance with all terms of this Agreement beginning on the first year of the Payment Term which begins non later than January 1, 2016 and continues through December 31, 2025 (unless earlier terminated pursuant to the terms of this Agreement), as defined in this Agreement; provided, however, in recognition of the fact that Grant Funds will be calculated and paid after taxes have been assessed and paid to the County, and therefore always in arrears, the Agreement

Term shall be deemed to include the time necessary for the payment of any Grant Funds to the Company which extend beyond the period of time defined as the Agreement Term in Section 1.24.

2.4 **Administration of Agreement.** This Agreement shall be administered for the County by PBO. The Company shall provide the County through PBO with all information required for the County to determine and ensure compliance with every term of this Agreement, including those forms attached hereto.

3.0 ENTIRE AGREEMENT

3.1 **All Agreements.** All oral and written agreements between the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement, including the applicable terms of the Agreement, have been reduced to writing and are contained in this Agreement.

3.2 **Attachments.** The attachments enumerated and denominated below are hereby made a part of this Agreement, and constitute promised performances by the Company in accordance with all terms of this Agreement.

- 3.2.1. Attachment A – Description of Property and Project
- 3.2.2. Attachment B – Ethics Affidavit
- 3.2.3. Attachment C – Annual Report Form
- 3.2.4. Attachment D – City of Austin Agreement
- 3.2.5. Attachment E – Affirmative Action at HID Global Corporation

4.0 GRANT FUNDS

4.1 **Grant Funds.**

4.1.1. **Grant Basis.** Subject to the terms and conditions set forth in this Agreement, in consideration of full and satisfactory performance of the requirements and obligations under this Agreement, the County hereby agrees to make Grant payments to the Company as follows:

(a) **Annual Grant Payment.** For the Payment Term (defined as January 1, 2016 December 31, 2025), the Grant Payment shall be computed as an amount equal to forty percent (40%) of the excess of the Payment Year Ad Valorem Taxes paid on Eligible Property over the Base Year Ad Valorem Taxes paid on Eligible Property. Said Grant Payment shall be computed as follows:

(Payment Year Ad Valorem Taxes Paid — Base Year Ad Valorem Taxes Paid) X 0.40 =
Annual Grant Payment by County

(b) **Adjustment.** The above Grant Percentage is subject to adjustment as provided in Section 5.2 and other applicable provisions of this Agreement.

(c) **Eligible Property.** As defined in this Agreement, Eligible Property includes only that property classified as new construction by TCAD for valuation purposes.

4.1.2. Grant Due Date. Until the Termination Date, County shall make Grant Payments to the Company annually in the amount due under this Agreement, and upon compliance with the Agreement terms, with respect to a tax year according to the schedule set forth in Section 4.2.1.

4.1.3. New Improvements and New Machinery and Equipment. The incentives provided under this Agreement shall be granted for the New Improvements and New Machinery and Equipment classified as new construction by TCAD for valuation purposes for the Project described in Attachment A.

4.1.4. Continuing Taxation. During the Agreement Term, the Company shall be subject to all County taxation under this Agreement, and to all other applicable taxation. Ad Valorem Taxes shall be payable in full on the Company's taxable property, with Grant Payments to be made by the County pursuant to this Agreement as follows:

(a) The taxable value of ineligible property (property not included under the definition of Eligible Property) shall be fully taxable.

(b) The Base Year Value of the properties of the Company shall be fully taxable.

(c) The value of Eligible Property shall be fully taxable with Grant Payments by the County to Company of forty percent (40%) of that payment.

4.2 Determination and Payment of Grant Funds.

4.2.1. Reporting/Completion/Payment Dates. The following dates will guide performance, reporting and payment under the terms of the Agreement. The Parties agree that, at any time, reporting, compliance determination and monitoring may allow for payment on an earlier schedule or may require payment on a later schedule, and the Parties will both cooperate to meet all Agreement requirements and provide for payment as expeditiously as possible. However, the following guidelines will be utilized to direct reporting, monitoring and payment to the best abilities of the Parties:

(a)	1/1/12 – 12/31/12	Base Year Value determined by TCAD
(b)	10/1/12	Effective Date (upon execution by both Parties)
(c)	10/1/12 – 12/31/ 25	Agreement Term
(d)	6/30/14	Latest Date for Completion of Facilities Construction \$30,000,000 Investment
(e)	12/31/14	147 New Jobs Created
(f)	12/31/15	129 New Jobs Created (Total: 276)
(g)	1/1/16	Payment Term begins (Payment made in 2016, would be based on 2014 performance)
* (h)	3/31/16	Annual Report due as to performance for 2014
* (i)	5/31/16	County response due on Annual Report (as applicable)
* (j)	2/1/16 – 9/30/16	County budget process for FY '17
* (k)	10/31/16	County payment due (if full compliance confirmed)
(l)	1/1/17	Second Payment Year begins (Payment based on 2015 performance)
* (m)	3/31/17	Annual Report due as to performance for 2015
* (n)	2/1/17 – 9/30/17	County budget process for FY '18

*(o)	10/31/17	County payment due (if full compliance confirmed)
(p)	12/31/17	Business Personal Property Installation Complete \$6,000,000 Investment
(q)	12/31/25	End of Agreement Term

* Report/Payment process repeats each year of 10-year Payment Term.

It is understood that the schedule above is based on completion of construction in 2014. If construction is completed in 2013, then the above schedule would be adjusted to show dates one year earlier as to subsections (g) – (o).

4.2.2. Annual Report. For each tax year during the Payment Term of this Agreement, subject to performance by the Company of its obligations hereunder, the County shall pay to the Company by check or wire transfer the amount to be paid as a Grant based on Ad Valorem Taxes paid by Company for said tax year according to the following procedure:

(a) Annual Report Form. On or before March 31 of each year during the Payment Term (beginning as shown in Section 4.2.1 above), the Company shall notify TCAD, Travis County Tax-Assessor Collector and PBO in writing of its calculation of the Grant Funds due to the Company by the County for the immediately preceding tax year using the format of the Annual Report Form attached to this Agreement as Attachment C. The Annual Report Form will show the amount of Ad Valorem Taxes paid on Eligible Property by the Company for said tax year that are attributable to the Base Year Value and the amount of Ad Valorem Taxes paid on Eligible Property by the Company that are attributable to the Payment Year Value for that tax year, and will include a completed Annual Report Form, a copy of the tax bill and a copy of the evidence of payment issued by the Company in payment of that bill (and a copy of any other documentation required by the County pursuant to this Agreement). Initial submission of the Annual Report and Payment shall proceed as set forth in Section 4.2.1.

(b) Certification of Compliance.

(i) Annual Certification. The Annual Report will also include the Company's signature certifying that the Company warrants to the County that it is in full compliance with each of its obligations under this Agreement, including the number of Existing and New Full-time Jobs maintained by the Company for the preceding year. The Company shall provide such Annual Reports, and shall certify annually to the County that the Company is in compliance with all applicable terms of this Agreement.

(ii) Inability to Comply. If the Company cannot certify complete compliance with the terms of the Agreement, the Company shall include a full and complete explanation of the reasons for the failure to comply along with the Company's plans to achieve compliance or reasons that compliance cannot be achieved. Upon receipt of such explanation, the Commissioners Court of the County may, at its sole discretion, agree to work with the Company to develop a mutually agreeable amendment to this Agreement with which the Company can comply, or terminate the Agreement by written notice given to the Company within ninety (90) days after the Annual Report including the notice of inability to comply is given to the County.

(c) Access, Monitoring and Inspections.

(i) Access. The Company shall provide access to and authorizes monitoring visits of the Project as necessary to determine compliance with this Agreement.

(ii) Inspection. The County has the right to inspect the Project (see Sections 5.3.2 and 5.8.2) and pertinent records of the Company as necessary to verify compliance. Inspections shall be preceded by at least seventy-two (72) hours' notice by telephone to the head of the Center or other person designated by the Company, and may be attended by the Company representatives. Visits and inspections shall be conducted so as not to interfere with the business operations of the Company and shall comply with the Company's safety standards. The County acknowledges and agrees that the work of constructing, installing, and operating the Project is of a highly sensitive nature and, therefore, the County agrees that it will not make any type of recording or photographic record of the interior of the facility and agrees to keep all information relating to its contents and operations confidential to the maximum extent allowed by law. Inspections/monitoring visits will be made by the County Executive of PBO (or her designee, with the Company's approval) and staff, and will be limited to review of those reports and information necessary to verify the Company's compliance with the requirements of this Agreement.

(iii) Monitoring. In order to verify compliance with employment requirements, and other requirements of the Agreement, as necessary, the County will be provided access on site to those original reports submitted by the Company to the Texas Workforce Commission and any and all other data used by the Company as the basis for certification of the number of FTEs, the average salary, and the investment made pursuant to the requirements of the Agreement and documentation of compliance with any other requirements of the Agreement. Supporting documentation will be made available at the Company's Austin location in a format that allows for easy review by the County (magnetic tapes will not be considered acceptable format). The Company acknowledges and agrees that the County may make ongoing inspections/monitoring visits under these same conditions as specified in this Agreement throughout the Agreement Term to ensure ongoing compliance with the terms of this Agreement. Any additional review will be as mutually agreed to by the County and the Company, and strictly limited to that information necessary to confirm Agreement compliance. If the County determines that the documentation provided is insufficient to adequately document the accuracy of the information or disputes the accuracy of the information, the County reserves the right to require additional information as reasonably necessary to complete the final review and approval of the information submitted and to withhold approval of the Annual Report until such additional information is made available pursuant to this Section 4.2.2. All monitoring activities by County under this Agreement will be subject to the requirements of 4.2.2(c)(ii) above.

(iv) Personal Data. In the course of verifying, the Company's compliance with the requirements of this Agreement, the County and the County's employees, agents, consultants and contractors assigned to perform any

portion of the review and inspection may obtain certain information relating to identified or identifiable individuals ("Personal Data"). The County acknowledges that it shall have no right, title or interest in any Personal Data obtained by it as a result of this Agreement, and will not use the Personal Data for any purpose other than verification of the Company's compliance with the requirements of this Agreement. The County shall take appropriate legal, organizational and technical measures to ensure the confidentiality of Personal Data, and protect Confidential Data against unauthorized disclosure or access, and against all other unlawful forms of processing, keeping in mind the nature of such data. In the event the County collects Personal Data, the County shall at all times comply with the Company's lawful instructions regarding the Personal Data, as well as all applicable laws, regulations, and international accords or treaties.

(v) County Coordination with City of Austin. The Parties agree that the County may designate individuals from the City of Austin ("City") or a designated outside consultant of the County or the City to assist in accessing, inspecting, monitoring and evaluating the Company's performance under this Agreement, and the Company agrees to cooperate with the City representatives (or consultant) in such instances.

4.2.3. Grant Amount. Upon verification by the County of the amount shown in the Annual Report and other reporting information provided by the Company to the County under this Agreement, the County shall grant and pay to the Company the Grant Funds calculated in accordance with Section 4.1.1.

4.2.4. Material Issues in Grant Funds Notice. If the County identifies any material issues in the Annual Report, the County will advise the Company of such material issues that are identified in the verification process within 30 days of receipt of the Annual Report and other reporting information to allow the Company to correct/complete such Annual Report. Should the Company and the County be unable to agree to the completion/correction of the Annual Report within thirty (30) days of receipt of the notice by the Company of material issues, the matters will be addressed as provided in Section 8 of this Agreement.

4.2.5. Final Grant Fund Payment. The final payment of Grant Funds by the County to the Company pursuant to this Agreement shall be based on the Annual Report relevant to the last year of the Agreement Term. Upon the County's paying of said final payment as described in this Section 4, this Agreement shall terminate.

5.0 COMPANY PERFORMANCE

5.1 Requirements for Grant Payment. The Company agrees to do the following to receive and retain the 40% Grant during the Agreement Term, as described in Section 4.1 .1:

5.1.1. Construction and Operation of Project. The Project, as described in Attachment A, must meet the following requirements regarding the construction and operation of the Project:

(a) Location. The Project will be located at 601 Center Ridge Drive in the TechRidge Development in Austin, Texas.

(b) Ownership and Use. The Property on which the current Project is located must be owned by the Company or its Affiliate, and the Project will be used for the Company's Center, as more particularly described in Attachment A. Any additional land utilized under this Agreement will be owned by the Company or its Affiliate and subject to the requirements of this Section 5.1.1. The Company agrees that the Project is not located in an improvement project financed by tax increment bonds and does not include any property that is owned or leased by a member of the Commissioners Court.

(c) Change in Ownership. Section 5.1.1(b) notwithstanding, County and Company agree that, with written notice to County within thirty (30) days of such agreement, Company may enter into future agreement(s) by which ownership of the property transfers to another Party. Regardless of such actions, Company will retain the obligation to pay Ad Valorem Taxes on the property (real and personal business property) either directly or indirectly; will provide County with a copy of such written obligation in the document(s) transferring ownership; and will provide County with a cancelled check or other acceptable documentation showing payment of all Ad Valorem Taxes by Company for each year in which Grant Funds are requested of County under this Agreement. If Company meets the requirements of this subsection 5.1.1(c), requirements as to ownership of the property/facility under this Agreement (including Section 8.2.3(a)(i)) will be considered to have been met.

(d) Construction and Required Investment.

(i) Construction. The Project will have approximately 200,000 square feet or more of space, and the Company will invest a minimum of \$30,000,000 for New Improvements by June 30, 2014.

(ii) New Business and Personal Property. The Company will invest \$6,000,000 for New Machinery and Equipment for by no later than December 31, 2017.

(iii) Rendition. Investments in new construction and new business and personal property will be as documented by the Company in its rendition to TCAD for each year of the Agreement Term.

(e) Minority and Women-Owned Business Enterprises. The Company will use good faith efforts and will encourage its agents and contractors to use good faith efforts, to ensure that Minority and Women-Owned Business Enterprises and Historically Underutilized Businesses have the opportunity to participate in the design, construction and operation of the Project. The Company will comply with the conditions and requirements of Section 1.05 of the City Agreement regarding the opportunity for Minority and Women-Owned Business Enterprises to participate in the design and construction of the Project and as suppliers for materials and services for the operation of the Project, and such compliance will be deemed to be compliance with the above provisions in this paragraph (d).

(f) Construction Laws. In the execution of the construction contracts for construction of the Company's facilities covered by this Agreement, the Company will comply with all applicable state and federal laws relating to construction, including laws related to labor, equal employment opportunity, safety, and minimum wage. In addition, the Company agrees as follows:

(i) To make commercially reasonable efforts to hire 20% disadvantaged workers who are graduates of construction training programs for non-licensed construction tasks on the original construction of Company's facility. A "disadvantaged worker" is an individual who meets the requirements set forth in Texas Government Code, Section 2303.402(c), or who lacks a high school diploma or a GED equivalent.

(ii) To make commercially reasonable efforts to ensure that construction contractors and subcontractors (1) secure OSHA 10 hour training for all on-site personnel and OSHA 30 hour training for supervisors or superintendents, and (b) cover all their construction workers with workers' compensation insurance.

5.1.2. Employment. The Company must meet the following employment requirements:

(a) Required Number of Jobs.

(i) Creation. The Company shall create at least 147 New Full-time Jobs by December 31, 2014, and 129 additional New Full-time Jobs by December 31, 2015, for a total of 276 New Full-Time Jobs by December 31, 2015.

(ii) Retention. Company shall retain at least 276 jobs throughout the Agreement Term.

(b) Employment Schedule.

(i) The 276 New Full-time Jobs shall be added by the Company in accordance with the following Employment Schedule:

Employment Year One: 147 New Full-time Jobs by December 31, 2014.

Employment Year Two: 129 additional New Full-time Jobs by December 31, 2015, for a cumulative total of 276 New Full-time Jobs.

(ii) Ongoing Employment Obligations. During each year of the remainder of the Agreement Term after December 31, 2015, the Company shall continue to have not less 276 New Full-time Jobs.

(iii) Construction Delay Impact Construction Timetable and Employment Schedule. The County acknowledges that the foregoing Employment Schedule is based on the Company's ability to construct the buildings and other facilities that will be needed to accommodate 276 New Full-time Employees in accordance with its Construction Timetable. If there is a Construction Delay that will materially affect the Construction Timetable, the Company will give written notice to the County. The County Executive shall thereafter have the authority to extend the deadlines for completing the construction of the Improvements and to modify the Employment Schedule in an equitable manner, if the County Executive reasonably determines that a Construction Delay has occurred and that such Construction Delay will materially affect the Construction Timetable. In no event, however, shall the deadline for the Company to create 276 of New Full-time Jobs be extended by the County Executive beyond December 31, 2016.

(c) Required Average Annual Compensation. The Required Average Annual Compensation for all New Full-time Jobs must not be less than the following amounts at the end of each Employment Year:

- (i) Employment Years One and Two: \$44,436
- (ii) Employment Years Three through Ten: \$53,164

(d) Recruitment. The Company will comply with the conditions and requirements of Section 1.04 of the City Agreement regarding the recruitment of Employees for New Full-time Jobs. In addition, the Company will:

(i) Work with specified non-profit organizations to expand the pool of diverse candidates for jobs by posting jobs with those organizations throughout the term of the Agreement. Those organizations include, but are not limited to, Skillpoint Alliance, Workforce Solutions, American YouthWorks, Goodwill Industries, Austin Community College, Travis County Health and Human Services and Veterans Services, and Capital IDEA.

(ii) Make good faith efforts to recruit Travis County residents. Company will provide Travis County with data reflecting the percentage of Company employees who reside in Travis County with the annual compliance report in a format mutually agreed to by the Parties.

(iii) Adhere to Company's equal employment/affirmative action policies and practices (see Attachment D).

(iv) Make employment decisions according to its internal employment and personnel practices, and base those employment decisions solely on job related qualifications.

(v) Conduct at least 2 job fairs or similar outreach events in Travis County annually during the first two years of the Payment Term, or until all initial hiring requirements are met.

(vi) Provide documentation of recruitment efforts under the above requirements annually to Travis County. Such documentation may be provided in writing or by County's inspection of Company records on site. Meeting the above requirements and providing documentation of such will meet the definition of "good faith" as required under this Agreement.

(e) Company Health Benefits. For Employees who are hired to provide the Required Number of Jobs pursuant to this Agreement, the Company must provide, and ensure that Employees are provided, health benefits as follows:

- (i) the health benefits must be provided to the Employees and their family members and domestic partners; and
- (ii) meet all applicable federal requirements for benefits provided;

(iii) with the Company or other provider contributing to such health benefits at a dollar amount in a dollar amount that provides the opportunity for employees to purchase affordable coverage for themselves and employee family members. The Parties agree that the health benefits plan provided by Company at the execution of this Agreement meets this requirement, and Company will continue to provide such benefits that meet or equal the current plan.

(iv) if Company maintains the current health benefits plan, or a plan with similar benefits, that will be considered compliance with this subsection 5.1.2(e).

(f) **Opportunity To Correct Deficiency.** If the Company has not satisfied the requirements and conditions described in paragraphs above [Section 5.1.2(a) – (e)] at the end of any year during the Payment Term, the Company shall have a period of ninety (90) days after the end of the applicable year to correct such deficiency, but the County shall not have any obligation to give the Company notice concerning such deficiency pursuant to Sections 8.3 and 8.4 since the Company should become aware of any such deficiencies when completing the annual report to County as required under Section 5.3.1; however, County will work with Company upon receipt of any annual report showing any deficiencies to note such deficiencies and develop a plan for resolution within the 90 day cure period. If the Company fails to correct the deficiency within such 90-day period, the Company shall not be entitled to receive the applicable Grant Funds for such year.

5.1.3. **Employee Benefits.** In addition to the health benefits provided by Company, Company will provide benefits in the form of employee training and personal development, internal promotion opportunities, reimbursement for education and profit sharing as determined by Company's policies and practices.

5.2 **Requirements for Additional Grant and Goal Components.** The 40% Grant during the Agreement Term, as described in Section 4.1 .1, shall be increased by the following additional Grant Percentages if the Company performs the following obligations:

5.2.1 **LEED Certification.** The Company shall be entitled to receive up to five percent (5%) additional Grant Percentage if the Company achieves LEED Certification from the U.S. Green Building Council for building or buildings to be constructed on the Property. The additional Grant Percentage shall not be applicable until the Company has provided the County with the appropriate documentation concerning the LEED Certification for such buildings. The Grant percentage will be determined as follows:

Silver	3%
Gold	4%
Platinum	5%

5.2.2 **Travis County Residents.** If the Company provides written certification to the County that 50% or more of the cumulative total of New Full-time Jobs for any year thereafter during the Agreement Term, are held by residents of Travis County, the Grant Percentage for that year shall be increased by an additional 5%.

5.2.3 **Project Goals.** The following components of the Project are goals which the Company agrees to make a good faith effort to attain:

(i) Environmental. The Project will be completed and maintained in a manner which preserves and respects the natural environment by maintaining green space as set forth in the plan of development presented to and approved by the City of Austin, as evidenced by certificates of occupancy from the City of Austin. The Company shall not violate any federal, state or local legislation and/or regulation(s) which prohibit or regulate deleterious effects on the environment within the Project. This Property may not be located over an environmentally sensitive aquifer or contributing zone, and the Company hereby certifies that the Property is not located over an environmentally sensitive aquifer or contributing zone.

(ii) Parking. Development will be completed in a manner which includes adequate parking.

(iii) Community Improvement. The County acknowledges the active participation by the Company in community development activities which contributes to the development and improvement of Travis County in areas beyond those directly related to business and the economy. The Company agrees to make commercially reasonable efforts to continue such participation related to local education, job training and job mobility through activities such as financial contributions to local schools and volunteer work within the community.

5.3 Reports.

5.3.1. Annual Report.

(a) Annual Report Filing. Beginning the end of the first year of the Payment Term, the Company shall provide the Annual Report (and/or other reports as reasonably requested by County) reflecting the fulfillment of all requirements of this Agreement. The Company shall provide the Chief Appraiser of TCAD ("Appraiser"), the Travis County Tax Assessor-Collector and PBO any and all information necessary for administration of this Agreement, including the Annual Report within a reasonable time after the end of each calendar year in the Payment Term, allowing adequate time for the Company to collect the data and submit to the County the resulting report which will reflect information related to the previous 12-month period (or other time period as specified). The Company acknowledges and agrees that the Annual Report is a document that will be available to the public. The Company considers any other information provided to the County and the other governmental entities referenced above to be proprietary and confidential, and such documents and information will not be disclosed by the County except as required under the Texas Public Information Act.

(b) Other Information. The Annual Report shall include the information necessary to meet applicable requirements under the Texas Tax Code. The Appraiser of TCAD shall annually determine (i) the taxable value pursuant to the terms of this Agreement and (ii) full value without payment under this Agreement. The Appraiser shall record both the taxable value on which the Agreement Grant will be based and the full taxable value in the appraisal records. Each year, the Company shall furnish the Appraiser with such information outlined in the Texas Tax Code, Chapter 22, as may be necessary for the administration of the Grant specified herein. The Company shall be entitled to appeal any determination of the Appraiser in accordance with the provisions of the Texas Tax Code.

5.3.2. **County Monitoring of Reports.** The County retains the right to monitor and audit the findings in all reports provided or made available to the County under this Agreement as necessary to confirm compliance with the terms of this Agreement. The Company shall retain all reports made by third parties related to this Agreement and allow the County reasonable access to such reports if County requests the opportunity to review such reports. The County will only request such review upon reasonable cause to question the accuracy of the Annual Report submitted by the Company to the County.

5.3.3. **Annual Report Information.** The following general information, as applicable for each year in a reporting period will be included:

- (a) documentation to show commencement date and completion date (as applicable);
- (b) total value of completed Project (as certified by TCAD for Travis County Ad Valorem Taxation);
- (c) total number of Existing Full-time Jobs and total number of New Full-time Jobs and date of hire for each;
- (d) average salary of New Full-time Jobs;
- (e) information showing the amount of County Ad Valorem Taxes paid by the Company and the amount of Grant Funds reimbursed by the County to date;
- (f) other information as necessary to support compliance with terms of this Agreement; and
- (g) certification as to accuracy of report and compliance with the terms of the Agreement.

5.3.4. **Job Data.** The Reporting Form shall also include data showing the number of Existing and New Full-time Jobs created and maintained as a result of the Project and the average salary for those jobs, including that information specifically set forth in the Annual Report (Attachment C). The Company shall create and maintain such records as necessary for the County to audit performance under this requirement, including documentation which supports that information shown in the Annual Report and any other information reasonably necessary to calculate FTEs as related to performance under this Agreement. As provided in Section 5.8.2, the County may require such other documentation as reasonably deemed necessary to support reported employment efforts of the Company as required under this Agreement.

5.3.5. **Ad Valorem Taxes.** The Annual Report shall include information showing the amount of Travis County Ad Valorem Taxes due for payment by the Company, the amount by which the Grant Funds would be paid as a result of compliance with the applicable terms of this Agreement and other information as specified in the form attached as Attachment C.

5.4 **Company Authority.** The Company warrants that the Company has the authority to enter into this Agreement and that the person signing this Agreement on behalf of the Company is duly authorized to do so.

5.5 **Accuracy of Information.** The Company will use commercially reasonable efforts to ensure that all reports, data and information submitted to the County will be accurate, reliable and verifiable according to the terms of this Agreement. Approval by the County of such information shall not constitute nor be deemed a release of the responsibility and liability of the Company, its employees, agents or associates for the accuracy and competency of their reports, information documents, or services, nor shall approval be deemed to be the assumption of such responsibility by the County for any defect, error, omission, act or negligence or bad faith by the Company, its employees, agents, or associates.

5.6 **W-9 Taxpayer Identification Form.** The Company shall provide the County with an Internal Revenue Service Form W-9 Request for Taxpayer Identification Number and Certification that is completed in compliance with the Internal Revenue Code, its rules and regulations, and a statement of entity status in a form satisfactory to the County Auditor before any Grant Funds may be paid to the Company.

5.7 **Indemnification and Claims.**

5.7.1. **INDEMNIFICATION.** The Company agrees to and shall indemnify and hold harmless the County, its officers, agents, and employees, from and against any and all claims, losses, damages, negligence, causes of action, suits, and liability of every kind, including all expenses of litigation, court costs, and attorney's fees ("Claim"), for injury to or death of any person, for any act or omission by the Company, or for damage to any property, arising out of or in connection with the work done by the Company under this Agreement, whether such injuries, death or damages are caused by the Company's sole negligence or the joint negligence of the Company and any other third party.

5.7.2. **Claims Notification.** If any claim, or other action, including proceedings before an administrative agency is made or brought by any person, firm, corporation, or other entity against the Company or the County relating to the enforcement of this Agreement, the Party with notice of the Claim shall give written notice to the other Party of the Claim, or other action within three (3) working days after being notified of it or the threat of it; the name and address of the person, firm, corporation or other entity that made or threatened to make a Claim, or that instituted or threatened to institute any type of action or proceeding; the basis of the Claim, action or proceeding; the court or administrative tribunal, if any, where the Claim, action or proceeding was instituted; and the name or names of any person against whom this Claim is being made or threatened. This written notice shall be given in the manner provided in the "Notice" provision of this Agreement. Except as otherwise directed, the Party with notice of the Claim shall furnish to the other Party copies of all pertinent papers received by that Party with respect to these Claims or actions.

5.8 **Miscellaneous Responsibilities.**

5.8.1. **Change in Project.** The Company shall notify the County immediately and in advance where possible, of any significant change relating to the Project that may affect the Company's performance under this Agreement, including any change in the Company's name or identity.

5.8.2. **Employment Records and Investment Certification.**

(a) In order to verify compliance with employment, salary and investment requirements, the Company will provide the County with an annual written certification

(attached to the Reporting Form) by an authorized representative of the Company of the following:

- (i) Number of New Full-time Jobs
- (ii) Average Salary of New Full-time Jobs
- (iii) Amount of investment pursuant to this Agreement

(b) The Company agrees to provide the County access at the Company's Austin location at the time of submission of the certification and as needed to any and all supporting documentation which was utilized in making the determinations reported in the certification as to the number of FTE's, the average salary and the amount of investment by the Chief Financial Officer. This supporting documentation will be made available at the Company's Austin location in a format that allows for easy review by the County.

(c) If the County determines that the documentation provided is insufficient to adequately document the accuracy of the information or disputes the accuracy of the information, the County reserves the right to require additional information as necessary to complete the final review and approval of the information submitted and to withhold approval of the Grant Funds Notice until such additional information is made available pursuant to this Section 5.8.2.

5.8.3. **Record Maintenance.** The Company shall maintain all records and reports required under this Agreement for a period of three years after the termination date, or until all evaluations, audits and other reviews have been completed and all questions or issues, including litigation, are resolved satisfactorily, whichever occurs later.

6.0 AMENDMENTS

6.1. **Written Amendments Only.** Unless specifically provided otherwise in this Agreement, any change to the terms of this Agreement or any attachments to it shall be made in writing and signed by both Parties. An amendment may only be approved by the Parties if the terms and provisions of the amendment reflect provisions which could have been included in the original Agreement.

6.2. **Acknowledgments as to Amendments.** It is acknowledged by the Company that no officer, agent, employee or representative of the County has any authority to change the terms of this Agreement or any attachments to it unless expressly granted that authority by the Commissioners Court under a specific provision of this Agreement or by separate action by the Commissioners Court. Verbal discussion or other indications of changes to this Agreement will not be effective.

6.3. **Submission.** The Company shall submit all requests for all changes, alterations, additions or deletions of the terms of this Agreement or any attachment to it to PBO .Attention: Leslie Browder, County Executive (or her successor in office) with a copy to the County Judge, Samuel T. Biscoe, or his successor in office. This Agreement shall be administered by PBO, and all information provided by the Company to the County shall be provided through PBO.

7.0 COMPLIANCE

7.1. **Federal, State and Local Laws.** The Company shall provide all services and activities performed under the terms of this Agreement in compliance with the Constitutions of the United States and Texas and with all applicable federal, state, and local orders, laws, regulations, rules, policies, and

certifications governing any activities undertaken during the performance of this Agreement. The Company shall meet all applicable requirements of the County and the City codes and ordinances, rules and regulations and permit requirements, and all necessary inspections will take place in a timely manner. The Company will make all hiring decisions in compliance with the Civil Rights Act of 1964 and the Americans With Disabilities Act of 1990 and will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, age or handicapping condition in accordance with the Company's policies.

7.2. **Law and Venue.** This Agreement is governed by the laws of the State of Texas and all obligations under this Agreement shall be performable in the City of Austin, Texas or in Travis County, Texas. It is expressly understood that any lawsuit, litigation, or dispute arising out of or relating to this Agreement will take place in State Court in Travis County and the City of Austin. The Parties acknowledge and agree that each Party shall be responsible for any attorneys' fees incurred by that Party relating to this Agreement.

7.3. **Immunity or Defense.** Section 7.2 notwithstanding, the Company expressly understands and agrees that, neither the execution of this Agreement nor the conduct of any representative of the County shall be considered to be a waiver of, nor shall it be deemed to have waived, any immunity or defense that would otherwise be available to it against claims arising in the exercise of its governmental powers and functions, nor shall it be considered a waiver of sovereign immunity to suit. The Company and the County shall have all remedies and defenses allowed by law.

7.4. **Failure to Comply.** The Commissioners Court may cancel or modify this Agreement, as set forth herein, if the Company fails to comply with the Agreement.

8.0 NON-PAYMENT, TERMINATION AND DEFAULT

8.1 **Non-Payment.** Company understands and agrees that NO payment of Grant Funds will be made for any Payment Year in which the following conditions (as applicable) of this Agreement are not met:

8.1.1 Investment/Construction.

- (a) Construction completed no later than June 30, 2014.
- (b) \$30,000,000 invested in new construction no later than June 30, 2014.
- (c) Installation of \$6,000,000 in new business personal property no later than December 30, 2017.
- (d) Construction and installation of new business personal property investment documented in rendition to TCAD and classified as new construction.

8.1.2 Jobs (conditions to be met under terms of the Agreement, including the cure period set forth in Section 8.4).

- (a) Create 147 new jobs by December 31, 2014.
- (b) Create 129 additional new jobs by December 31, 2015.
- (c) Maintain 276 full-time jobs each year after 2016 – 2025.
- (d) Maintain average salary as set forth in Section 5.1.2(c).
- (e) Meet minority participation and recruiting requirements set forth in Sections 5.1.1(d) and 5.1.2(d).

8.2. **Termination.** This Agreement may be terminated in the following circumstances:

8.2.1. Election Not to Proceed Prior to Grant. In the event the Company elects not to proceed with the Project as contemplated by this Agreement prior to the first receipt by the Company of the Grant Funds, the Company shall notify County in writing, and this Agreement and the obligations on the part of both Parties shall be deemed terminated and of no further force or effect.

8.2.2. Successful Completion. This Agreement will terminate upon completion of the performance of the respective terms and conditions of the Agreement by both Parties or upon termination pursuant to the terms of this Agreement.

8.2.3. Failure to Comply.

(a) After notice of default and opportunity to cure pursuant to Section 8.4, this Agreement may be terminated, at the election of the County, if the Company fails to comply with the following conditions and requirements as set forth herein (each referred to herein as a "Termination Event"):

(i) The Company fails to comply with the requirement in paragraphs (a), (b) or (c) of Section 5.1.1 regarding the location of the Project and the ownership and use of the Property.

(ii) The Company allows its Ad Valorem Taxes to the County, the City of Austin, Round Rock Independent School District, Austin Community College District, Central Health District, or other local taxing entity to become delinquent and fails to timely and properly follow the legal procedure for their protest and/or contest.

In the event this Agreement is terminated by the County pursuant to this subparagraph (a), the County shall have the right to terminate this Agreement immediately upon notice; and, no further Grant Funds shall be payable by the County to the Company; and this Agreement shall be of no further force or effect.

(b) Termination by Company. After notice of default and opportunity to cure pursuant to Section 8.4, this Agreement may be terminated by the Company without prejudice to any other right or remedy which the Company or the County may possess, if the County fails to comply with its obligations under this Agreement.

8.1.4. Judicial Finding. This Agreement may be terminated by either the County or the Company if the Grant agreed to be made by the County herein is found to be invalid or illegal by a court of competent jurisdiction and said judicial decision is not overturned on appeal or is no longer subject to appeal. In the event that this Agreement is terminated under this Section, the County shall have the right to recapture all of the money granted to the Company under this Agreement to the extent but only to the extent that said judicial decision specifically require said Grant to be refunded to the County, and there is no other lawful manner by which the County can reimburse, pay or credit the Company with the amount of said Grant that is refunded as a result of said judicial decision.

8.2. Right to Withhold Grant Funds. In addition to the rights granted to the County to terminate this Agreement because of a Termination Event pursuant to paragraph (a) of Section 8.1.3, the County shall have the right to withhold any unpaid Grant Funds if the Company is in default with respect

to any of its obligations under this Agreement. The County shall have the right to withhold the payment of any such Grant Funds the Company would otherwise be entitled to receive until such default has been cured.

8.3 **Notice and Opportunity to Cure.** If either Party is in default with respect to such Party's obligations under this Agreement, the non-defaulting Party shall give written notice of such default to the defaulting Party pursuant to the notice provisions in Section 10. The defaulting Party shall then have a period of ninety (90) days the receipt of such notice to cure such default. If the defaulting Party fails to cure such default within such 90-day period, the non-defaulting Party shall have the right to exercise the right and remedies provided for in this Agreement; provided, however, the County shall have the right to withhold the payment of Grant Funds to the Company pursuant to Section 8.3, until the default is cured by the Company.

9.0 MISCELLANEOUS PROVISIONS

9.1. **Independent Contractor.** The parties expressly acknowledge and agree that the Company is an independent contractor and assumes all of the rights, obligations and liabilities applicable to it as an independent contractor. No employee of the Company shall be considered an employee of the County or gain any rights against the County pursuant to the County's personnel policies. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party. The relationship of the County and the Company under this Agreement is not and shall not be construed or interpreted to be a partnership, joint venture or agency. The relationship of the Parties shall be an independent contractor relationship. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other Party.

9.2. **Agreement Limitation.** This Agreement sets out the agreements and obligations between the County and the Company only, and does not obligate the County in any way nor create any third party beneficiary rights as between the County and any of the Company's subcontractors, nor to any other third party. The County shall not under any circumstances be liable to the Company's creditors or subcontractors for any reimbursements under this Agreement.

9.3. **Representations and Warranties.** The County represents and warrants to the Company that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement unless otherwise ordered by a court of competent jurisdiction. The Company represents and warrants to the County that it has the requisite authority to enter into this Agreement.

10.0 NOTICES

10.1. **Requirements.** Except as otherwise specifically noted herein, any notice required or permitted to be given under this Agreement by one party to the other shall be in writing and shall be given and deemed to have been given immediately if delivered in person to the address set forth in this section for the party to whom the notice is given, or on the third day following mailing if placed in the United States Mail, postage prepaid, by registered or certified mail with return receipt requested, addressed to the party at the address hereinafter specified.

10.2. **County Address.** The address of the County for all purposes under this Agreement shall be:

Honorable Samuel T. Biscoe (or his successor in office)
County Judge

P.O. Box 1748
Austin, Texas 78767

With copies to (registered or certified mail with return receipt is not required):

Honorable David Escamilla (or his successor in office)
Travis County Attorney
P.O. Box 1748
Austin, Texas 78767
ATTENTION: Civil Transactions

and

Cyd Grimes, Purchasing Agent (or her successor)
Travis County Purchasing
P.O. Box 1748
Austin, Texas 78767

10.3. **Company Address.** The address of the Company for all purposes under this Agreement and for all notices hereunder shall be:

HID Global Corporation
Attn: Chief Financial Officer
15370 Barranca Parkway
Irvine, CA 92618
Phone: (949) 732-2000
Fax: (949) 732-2120
Re: Economic Development Agreement

10.4 **Change of Address.** Each party may change the address for notice to it by giving notice of the change in compliance with Section 10.0. Any change in the address shall be reported to the County within fifteen (15) days of the change.

10.5 **Change of Name.** If a change of name is required by the Company, in addition to the requirements of Section 5.8.1, the Company shall notify the County in writing immediately pursuant to this Section 10.0.

11.0 PROHIBITIONS

11.1. **County Forfeiture of Agreement.** As to payment of Grant Funds, if the Company has done business with a Key Contracting Person as listed in Exhibit "A" to Attachment B to this Agreement during the 365 day period immediately prior to the date of execution of this Agreement by the Company or does business with any Key Contracting Person at any time after the date of execution of this Agreement by the Company and prior to full performance of this Agreement, the Company shall forfeit all County benefits of this Agreement and the County shall retain all performance by the Company and recover all considerations, or the value of all consideration, granted to the Company pursuant to this Agreement.

11.2. **Conflict of Interest.** The Company shall ensure that the Company will not take any action that would result in any person who is an employee, agent, consultant, officer, or elected or appointed official of the County who exercises or has exercised any functions or responsibilities with respect to activities performed pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with

respect to it, or the proceeds under it, either for him or herself or those with whom he or she has family or business ties, during his or her tenure or for one year thereafter.

11.3. **Solicitation**. The Company warrants that no persons or selling agency was or has been retained to solicit this Agreement upon an understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial selling agencies maintained by the Company to secure business. For breach or violation of this warranty, the County shall have the right to terminate this Agreement without liability, or, in its discretion to, as applicable, add to or deduct from the consideration, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

11.4. **Gratuities**. The County may cancel this Agreement if it is found that gratuities in the form of entertainment, gifts, or otherwise were knowingly offered or given by the Company or any agent or representative to any County official or employee with a view toward securing favorable treatment with respect to the performing of this Agreement. In the event this Agreement is cancelled by the County pursuant to this provision, the County shall be entitled, in addition to any other rights and remedies, to recover from the Company a sum equal in amount to the cost incurred by the Company in providing such gratuities.

11.5. **Limitation**. The Parties understand and agree that the above prohibitions do not apply to any ceremonial gift which might be offered by the Company and accepted by the County or a County representative in an open and public event to commemorate the decision to locate the Project on the Property to commence construction of the Project so long as such offering and acceptance does not violate applicable law.

12.0 ASSIGNABILITY

12.1. **Assignment**. This Agreement may not be assigned to a new company without prior written approval of the Commissioners Court of the County; provided, however, the Company may assign to an Affiliate of the Company without approval of the Commissioners Court of the County, so long as the Company shall remain responsible and obligated to the County for the performance of its obligations under the Agreement. Written notice of such assignment shall be provided to the County prior to the assignment. No assignment shall be approved if the assignor or assignee are indebted to the County for Ad Valorem Taxes or other obligations.

12.2. **Binding Agreement**. Subject to Section 12.1, this Agreement shall be binding upon the successors, assigns, administrators, and legal representatives of the parties to this Agreement. In the case of assignment to an Affiliate, benefits and obligations of the Agreement shall inure to the benefit of such Affiliate without the prior approval of County so long as such assignment includes the requirements set forth under Section 12.1.

13.0 INTERPRETATIONAL GUIDELINES

13.1. **Computation of Time**. When any period of time is stated in this Agreement, the time shall be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that County has declared a holiday for its employees these days shall be omitted from the computation.

13.2. **Numbers and Gender**. Words of any gender in this Agreement shall be construed to include any other gender and words in either number shall be construed to include the other unless the context in the Agreement clearly requires otherwise.

13.3. **Headings.** The headings at the beginning of the various provisions of this Agreement have been included only to make it easier to locate the subject matter covered by that section or subsection, and are not to be used in construing this Agreement.

14.0 OTHER PROVISIONS

14.1. **Survival of Conditions.** Applicable provisions of this Agreement shall survive beyond termination or expiration of this Agreement until full and complete compliance with all aspects of these provisions has been achieved where the parties have expressly agreed that those provisions should survive any such termination.

14.2. **Non-Waiver of Default.** One or more acts of forbearance by any Party to enforce any provision of this Agreement or any reimbursement, payment, act or omission by any Party shall not constitute or be construed as a waiver of any breach or default of any other Party which then exists or may subsequently exist.

14.3. **Reservation of Rights.** If any Party to this Agreement breaches this Agreement, the other Party(ies) shall be entitled to any and all rights and remedies provided for by the Texas law and any applicable Federal laws or regulations. All rights of either Party under this Agreement are specifically reserved and any payment, reimbursement, act or omission shall not impair or prejudice any remedy or right to said Party under it. The exercise of or failure to exercise any right or remedy in this Agreement or in accordance with law upon the other Party's breach of the terms, covenants, and conditions of this Agreement, or the failure to demand the prompt performance of any obligation under this Agreement shall not preclude the exercise of any other right or remedy under this Agreement or under any law, nor shall any action taken or not taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies.

14.4. **Severability.** Subject to Section 8.1.4, if any portion of this Agreement is ruled invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision thereof and the remainder of it shall remain valid and binding and as if such invalid, illegal or unenforceable provision had never been contained in this Agreement.

14.5. **Dispute Resolution.** When mediation is acceptable to all Parties in resolving a dispute arising under this Agreement, as a condition precedent to filing any lawsuit, the Parties agree to mediate said dispute with the Dispute Resolution Center of Austin, Texas, as the provider of mediators for mediation as described in Texas Civil Remedies and Practice Code, Section 154.023. Unless all Parties are satisfied with the result of the mediation, the mediation will not constitute a final and binding resolution of the dispute. All communications within the scope of the mediation shall remain confidential as described in Texas Civil Remedies and Practice Code, Section 154.073, unless all Parties agree, in writing, to waive said confidentiality.

14.6. **Force Majeure.** Neither Party shall be financially liable to the other Party for delays in performance or failures to perform under this Agreement caused by force majeure (i.e. those causes generally recognized under Texas law as constituting impossible conditions). Such delays or failures to perform shall extend the period of performance until these exigencies have been removed. The Party seeking to avail itself of this clause shall notify the other Party within ten (10) business days or otherwise waive the right as a defense, unless notification is impractical under the circumstances, in which case notification shall be done in as timely a manner as possible.

14.7. **Multiple Originals.** This Agreement may be executed by the parties in multiple counterparts, each one being considered an original for any purpose.

HID GLOBAL CORPORATION

By _____

Denis R. Hébert
President and CEO

Date: October 11, 2012

TRAVIS COUNTY

By: _____

Samuel T. Biscoe
Travis County Judge

Date: 10-15-12

ATTACHMENT A
DESCRIPTION OF TRACTS AND PROJECT
LEGAL DESCRIPTION OF PROPERTY

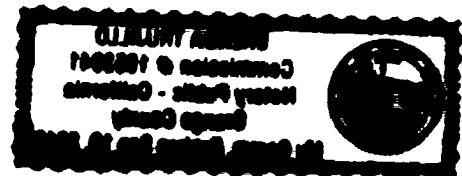
LEGAL DESCRIPTION OF PROPERTY

Lots 3 and 4, Block "A", Replat of Tech.Ridge, a subdivision of Travis County, Texas, according to the map or plat thereof recorded as Document No. 200000182 in the Official Public Records of Travis County, Texas; and

Lot 4A, Block "A", Amended Plat of the Resubdivision of Lot 2 Tech.Ridge, a subdivision of Travis County, Texas, according to the map or plat thereof recorded as Document No. 200700121 in the Official Public Records of Travis County, Texas.

DESCRIPTION OF PROJECT

The Project will be the company's North American Manufacturing Center of Excellence which will consolidate the manufacturing operations in California, Connecticut and Minnesota. The Project will be constructed in two phases. Phase I will be up to 225,000 square feet in one building to be located on the above referenced Tracts and Phase II will be up to an additional 80,000 square feet by adding the square footage to the Phase I Building, which are referred to in the foregoing Agreement as the New Improvements. The Project will also include the necessary New Machinery and Equipment (as defined in the Agreement) for the operation of the North American Manufacturing Center of Excellence.

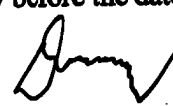


**ATTACHMENT B
AFFIDAVIT**

Date: October 19, 2012
Name of Affiant: Denis R. Hébert
Title of Affiant: President & CEO - HED Global Corporation
Business Name of Contractor: _____
County of Contractor: _____

Affiant on oath swears that the following statements are true:

1. Affiant is authorized by Contractor to make this affidavit for Contractor.
2. Affiant is fully aware of the facts stated in this affidavit.
3. Affiant can read the English language.
4. Contractor has received the list of key contracting persons associated with this invitation for bids which is attached to this affidavit as Exhibit "A".
5. Affiant has personally read Exhibit "A" to this Affidavit.
6. Affiant has no knowledge of any key contracting person on Exhibit "A" with whom Contractor is doing business or has done business during the 365 day period immediately before the date of this affidavit whose name is not disclosed in the Invitation for Bids.

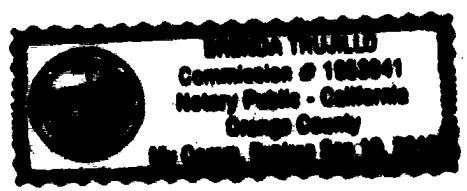


Signature of Affiant

15370 Barranca Parkway, Irvine, CA
Address 92618

State of California

County of Orange



Place Notary Seal Above

Subscribed and sworn to (or affirmed) before me

on this 19 day of October, 2012.
by _____
Date Month Year

(1) Denis R. Hébert
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (.)

(and

(2) _____
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature Brenda Tajillo
Signature of Notary Public

EXHIBIT A – ATTACHMENT A
LIST OF KEY CONTRACTING PERSONS
September 28, 2012

CURRENT Position Held	Name of Individual Holding Office/Position	Name of Business Individual is Associated
County Judge	Samuel T. Biscoe	
County Judge (Spouse)	Donalyn Thompson-Biscoe	
Executive Assistant	Cheryl Brown	
Executive Assistant	Melissa Velasquez	
Executive Assistant	Josie Z. Zavala	
Executive Assistant	Cheryl Aker	
Commissioner, Precinct 1	Ron Davis	
Commissioner, Precinct 1 (Spouse)	Annie Davis	Seton Hospital
Executive Assistant	Deone Wilhite	
Executive Assistant	Felicitas Chavez	
Commissioner, Precinct 2	Sarah Eckhardt	
Commissioner, Precinct 2 (Spouse)	Kurt Sauer	Daffer McDaniel, LLP
Executive Assistant	Loretta Farb	
Executive Assistant	Joe Hon	
Executive Assistant	Peter Einhorn	
Commissioner, Precinct 3	Karen Huber	
Commissioner, Precinct 3 (Spouse)	Leonard Huber	Retired
Executive Assistant	Garry Brown	
Executive Assistant	Julie Wheeler*	
Executive Assistant	Jacob Cottingham	
Commissioner, Precinct 4	Margaret Gomez	
Executive Assistant	Edith Moreida	
Executive Assistant	Norma Guerra	
County Treasurer	Dolores Ortega-Carter	
County Auditor	Nicki Riley*	
County Executive, Administrative	Vacant	
County Executive, Planning & Budget	Leslie Browder*	
County Executive, Emergency Services	Danny Hobby	
County Executive, Health/Human Services	Sherri E. Fleming	
County Executive, TNR	Steven M. Manilla, P.E.*	
County Executive, Justice & Public Safety	Roger Jefferies	
Director, Facilities Management	Roger El Khoury, M.S., P.E.	
Interim Chief Information Officer	Tanya Acevedo	
Interim Chief Information Officer	Rod Brown	
Interim Chief Information Officer	Walter Lagrone	
Director, Records Mgmt & Communications	Steven Broberg	
Travis County Attorney	David Escamilla	
First Assistant County Attorney	Steve Capelle	
Executive Assistant, County Attorney	James Collins	
Director, Land Use Division	Tom Nuckols	
Attorney, Land Use Division	Julie Joe	
Attorney, Land Use Division	Christopher Gilmore	
Director, Transactions Division	John Hille	
Attorney, Transactions Division	Vacant	
Attorney, Transactions Division	Daniel Bradford	

Attorney, Transactions Division
 Attorney, Transactions Division
 Attorney, Transactions Division
 Attorney, Transactions Division
 Director, Health Services Division
 Attorney, Health Services Division
 Purchasing Agent
 Assistant Purchasing Agent
 Assistant Purchasing Agent
 Purchasing Agent Assistant IV
 Purchasing Agent Assistant IV
 Purchasing Agent Assistant IV
 Purchasing Agent Assistant IV
 Purchasing Agent Assistant IV
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 Purchasing Agent Assistant III
 Purchasing Agent Assistant III
 Purchasing Agent Assistant III
 Purchasing Agent Assistant III
 Purchasing Agent Assistant II
 Purchasing Agent Assistant II
 Purchasing Agent Assistant II
 HUB Coordinator
 HUB Specialist
 HUB Specialist
 Purchasing Business Analyst
 Purchasing Business Analyst

Mary Etta Gerhardt
 Barbara Wilson
 Jim Connolly
 Tenley Aldredge
 Vacant
 Prema Gregerson
 Cyd Grimes, C.P.M., CPPO
 Marvin Brice, CPPB
 Bonnie Floyd, CPPO, CPPB, CTPM
 Vacant
 Lee Perry
 Jason Walker
 Richard Villareal
 Patrick Strittmatter*
 Lori Clyde, CPPO, CPPB
 Scott Wilson, CPPB
 Jorge Talavera, CPPO, CPPB
 Vacant
 John E. Pena, CTPM
 Rosalinda Garcia
 Shannon Pleasant, CTPM*
 David Walch
 Michael Long, CPPB
 Loren Breland, CPPB
 Nancy Barchus, CPPB
 Jesse Herrera, CTP, CTPM, CTCM*
 C.W. Bruner, CTP
 Jayne Rybak, CTP*
 L. Wade Laursen*
 Sam Francis*
 Sylvia Lopez
 Betty Chapa
 Jerome Guerrero
 Scott Worthington
 Jennifer Francis

FORMER EMPLOYEES

<u>Position Held</u>	<u>Name of Individual Holding Office/Position</u>	<u>Date of Expiration</u>
Purchasing Agent Assistant IV	Diana Gonzalez	12/16/12
Director, Health Services Division	Beth Devery	03/09/13
Purchasing Agent Assistant III	Elizabeth Corey, C.P.M.	03/14/13
Attorney, Transactions Division	Tamara Armstrong	03/30/13
Executive Assistant	Lori Duarte	06/15/13
Chief Information Officer	Joe Harlow	07/31/13
County Auditor	Susan Spataro, CPA	08/31/13
Purchasing Agent Assistant IV	George R. Monnat, C.P.M., A.P.P.	09/26/13

* - Identifies employees who have been in that position less than a year.

ATTACHMENT C- ANNUAL REPORT FORM
TRAVIS COUNTY ECONOMIC DEVELOPMENT PROGRAM

REPORTING YEAR: _____ (YEAR OUT OF 10)

Company shall complete the following pursuant to the applicable terms of the Agreement.

1. CONSTRUCTION COMMENCEMENT AND COMPLETION

- A. Date construction on Project commenced: _____
B. Date Certificate of Occupancy Issued (Please attach Certificate of Occupancy): _____
C. Date of LEED Certification (Complete this section if Company is requesting additional 5% incentive outlined in Sec. 5.2.1): _____

2. VALUE OF NEW IMPROVEMENTS AND NEW MACHINERY AND EQUIPMENT

- A. Total value of Eligible Property (amount subject to Travis County Ad Valorem Taxation):

New Improvement: \$ _____
New Business/Personal Property \$ _____

This amount must equal at least the amount specified in Section 5.1.1(c) for Company to receive benefits under the Agreement. Please attach a list of Eligible Property equal to the investment amount above and rendered to the Travis Central Appraisal District.

3. EMPLOYEES

- A. Total Number of New Full-time Jobs for the reporting year (Sec. 5.1.2 (b)) _____

- B. Average Salary for New Full-time Jobs

[Must equal at least the amount specified in Section 5.1.2(c)]

- i. ~~Are Contract Employees meeting salary and benefits requirements outlined in 5.1.2 (d)?~~

- C. How many Full-time Employees are residents of Travis County? (Complete this section if Company is requesting additional 5% incentive outlined in Sec. 5.2.2)

All employment figures must be collected and maintained by Company, certified as accurate by Company as specified in this Agreement and supported by documentation as set forth in Section 5.8.2.

In addition, Travis County will need evidence that Company and Contract Employees have been eligible for health benefits, including domestic partner benefits.

4. AGREEMENT BENEFITS

- A. Travis County Ad Valorem Taxes paid on Eligible Property for this Reporting Year: _____

- B. Base Year Travis County Ad Valorem Taxes Paid on Eligible Property: _____

- C. Incremental Travis County Ad Valorem Taxes paid
(Difference between "A" and "B")

- D. ~~Agreement Benefits~~ Claimed by Company

5. OTHER

Please attach: receipt of County taxes paid and copy of rendition to TCAD

Documentation of: (1) current ownership/lease agreement for property; (2) compliance with Minority and Women-Owned Business requirements; (3) compliance with construction laws requirement; (4) compliance with recruitment requirements; (5) compliance with health benefits requirement; (6) compliance with employee benefits program (requirements under Sections 5.1.1, 5.1.2 and 5.1.3).

Certification:

I, Company's authorized representative, hereby certify that the above information is correct and accurate pursuant to the terms of this Agreement:

BY: _____

Printed Name: _____

Title: _____

Date: _____

**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF AUSTIN
AND HID GLOBAL CORPORATION**

This Economic Development Agreement ("Agreement") is made and entered into as of October 11, 2012 (the "Effective Date") by and between HID Global Corporation (the "Company"), a Delaware corporation qualified to do business in Texas, with its principal places of business in Irvine, CA, and the City of Austin, a home-rule municipal corporation situated in Hays, Travis and Williamson Counties acting by and through its duly authorized City Manager or his designee (the "City"). The City is authorized by Chapter 380 of the Texas Local Government Code to create programs for the grant of public money to promote state and local economic development and to stimulate local business and commercial activity.

The City has authorized the creation of an economic development program under Chapter 380 of the Texas Local Government Code and has authorized the City Manager to make a grant of money to the Company to (i) establish a new manufacturing and distribution center in Austin and make capital investments in the Desired Development Zone and (ii) create and maintain New Full-time Jobs (together are the "Project").

The expansion of the Company's business in Austin will further state and local economic development and stimulate business and commercial activity in Austin. The Company accepts the City's grant and agrees to carry-out the Project, the terms of which are the subject of this Agreement.

The City and the Company agree as follows:

AGREEMENT

I. The Company's Obligations

1.01 Investment in the Desired Development Zone. The Company shall establish its Austin-based manufacturing and distribution center (the "Manufacturing and Distribution Center") at a facility located within the City's Desired Development Zone. The Company shall ensure that:

- (a) after the Effective Date of this Agreement, and before June 30, 2014, the Company or its lessor, or landlord, or owner of the real property at which the Manufacturing and Distribution Center is located, has invested at least Thirty Million and No/100 Dollars (\$30,000,000.00) in the construction of a new facility and
- (b) after the effective date of this Agreement and before December 31, 2017 the Company has invested at least Six Million and No/100 Dollars (\$6,000,000.00) in the purchase of business personal property to be installed and used at the Manufacturing and Distribution Center to support the operation of the Manufacturing and Distribution Center.

1.02 Construction Requirements for Manufacturing and Distribution Center.

- (a) The Company shall make commercially reasonable efforts to hire 20% disadvantaged workers who are graduates of construction training programs for non-licensed construction tasks on the original construction of HID Global's facility. A disadvantaged worker is defined by Texas Government Code Section 2303.402(c) or lacks a high school diploma or a GED equivalent.
- (b) The Company shall make commercially reasonable efforts to ensure that construction contractors and subcontractors (1) secure OSHA 10 hour training for all on-site personnel and OSHA 30 hour training for supervisors or superintendents, and (2) cover all their construction workers with workers' compensation insurance.

1.03 Creation and Retention of New Full-Time Jobs. The Company shall create at least two hundred seventy six (276) New Full-Time Jobs (as hereafter defined) located at the Manufacturing and Distribution Center, by December 31, 2015. A "New Full-Time Job," is a full-time job created after the Effective Date of this Agreement that is performed at the Manufacturing and Distribution Center by employees of the Company, and created as the result of the improvements to and operation of the Manufacturing and Distribution Center.

- (a) The Company shall create and retain the New Full-Time Jobs as follows:
 - (i) 147 New Full-time Jobs before December 31, 2014; and
 - (ii) 276 New Full-time Jobs before December 31, 2015.
- (b) The Company shall maintain the required New Full-Time Jobs as of December 31st of each year thereafter throughout the term of this Agreement.
- (c) The average annual compensation, excluding health insurance and retirement benefits, for all New Full-time Jobs must not be less than the following amounts:

<u>Year</u>	<u>Average Annual Compensation</u>
2013	\$ 44,336
2014	\$ 44,336
2015	\$ 53,163
2016	\$ 53,163
2017	\$ 53,163
2018	\$ 53,163
2019	\$ 53,163
2020	\$ 53,163
2021	\$ 53,163
2022	\$ 53,163

If the average annual compensation for all New Full-time Jobs is less than the amount stated, the Company shall not be entitled to receive a Chapter 380 Payment for that year.

- (d) If the number of people employed in New Full-Time Jobs falls below the number of jobs required by Sections 1.02(a) & (b):
 - 1. The Company shall create or reinstate the requisite number of New Full-Time Jobs within ninety (90) days after December 31st of the applicable year; and
 - 2. The average annual compensation for all New Full-time Jobs must not be less than the amount required in Section 1.02(c) as of the date which is 90 days after December 31st of the applicable year.
- (e) If the Company fails to comply with the preceding Sections 1.02(a) through (d) within 90 days after December 31st of the applicable year, the Company shall not be entitled to receive the Chapter 380 Payment for such Employment Year. If the Company fails to comply with the preceding Sections 1.02(a) through (d) within the 90 day cure period after December 31st for such Employment Year the City, at its sole discretion, may thereafter terminate this Agreement in accordance with Section 3.08 (b) after giving the Company notice and an opportunity to cure said failure in accordance with Section 3.04 below.

1.04 Recruitment.

- (a) In addition to its own efforts, the Company shall make commercially reasonable efforts to work with non-profit organizations such as the Greater Austin Asian Chamber of Commerce, the Austin Gay and Lesbian Chamber of Commerce, the Capital City African American Chamber of Commerce, the Greater Austin Hispanic Chamber of Commerce, the Austin/Travis County Reentry Roundtable, Minorities for Equality in Employment Education Liberty, the Texas Department of Assistive and Rehabilitative Services (DARS), the National Society of Black Engineers, the Society of Hispanic Professional Engineers, and/or other appropriate organizations to expand its pool of diverse candidates in hiring recruitment efforts for jobs at the Manufacturing and Distribution Center. The Company shall provide documentation of its efforts to the City upon request.
- (b) The Company shall make commercially reasonable efforts to recruit residents of the Austin area for its New Full-time Jobs. The Company shall provide documentation of its efforts upon request to the City.
- (c) The Company shall adhere to its equal employment policies and practices (attached hereto as Exhibit A).
- (d) If the Company fails to comply as provided for in paragraphs (a), (b), or (c) above, the Company will be required to forfeit the Chapter 380 Payments scheduled to be paid pursuant to Section 2.01 for the year in which such default occurred.

1.05 Local Business Participation.

- (a) In an effort to further stimulate and positively impact the local economy, the Company shall use commercially reasonable efforts to provide minority-owned, women-owned and local small businesses certified by the City's Small and Minority Business Resources Department (SMBR) an equal opportunity to participate as suppliers for materials and services purchased by the Company exclusively for use at its Manufacturing and Distribution Center. To assist in recruiting efforts, the Company is required to contact SMBR for a list of available City certified minority-owned, women-owned and local small businesses.
- (b) Within ninety (90) days after the Effective Date, the Company shall submit to the City a reasonable supplier diversity policy regarding the Company's procurement of materials and services to be used exclusively at the Manufacturing and Distribution Center which may be reasonably modified from time to time by the Company, provided the policy and all modifications are approved by SMBR. The Company agrees to adhere to this policy for the procurement of materials and services for which the cost is more than Five Thousand and No/100 Dollars (\$5,000.00) and for which there are qualified local certified M/WBE suppliers, providing competitive prices and with sufficient financial resources in light of the particular materials and services to be supplied. Failure to comply with this obligation shall be considered a breach of this Agreement. Should SMBR determine that the Company has failed to satisfy its obligation under this paragraph (a) the Company will forfeit the next anticipated Chapter 380 Payment as described in paragraph (g). With respect to any individual procurement of materials or services for which the cost is Five Thousand and No/100 Dollars (\$5,000.00) or less, the Company is encouraged, but not required, to adhere to the requirements of this paragraph. The Company shall maintain and provide documentation of its efforts to comply with this paragraph (a) to SMBR as part of its monthly reports required under subsection 1.04(f).
- (c) The Company shall comply with the applicable standards and principles of Chapters 2-9A through 2-9D of the City's ordinance for M/WBEs ("**M/WBE Program Ordinance**") in the design and construction of its Manufacturing and Distribution Center.
- (d) With respect to any design or construction projects for the Company's Manufacturing and Distribution Center, including, but not limited to, leasehold improvements, the Company, the architect and the general contractor shall meet the following gender and ethnic-specific participation goals for each year in which design or construction occurs:

	Professional Services Participation Goals	Construction Participation Goals
African-American-owned Business Enterprises	1.9%	1.7%

Hispanic-owned Business Enterprises	9.0%	9.7%
Asian-American and Native American-owned Business Enterprises	4.9%	2.3%
Women-owned Business Enterprises	15.8%	13.8%

In an effort to meet the gender and ethnic-specific M/WBE utilization goals, the Company shall implement an outreach program designed to solicit participation of M/WBEs. These outreach efforts should also target small businesses generally. The Company may seek the assistance of SMBR in these outreach efforts as described in paragraph (e) below.

For any year in which the Company, the architect and the general contractor fail to meet each of these goals, the Company, the architect and the general contractor must demonstrate good faith efforts to meet the goals as described in the City's M/WBE Program Ordinance. The Company shall submit documentation demonstrating its own and the architect's and general contractor's good faith efforts to meet the goals as is required under the following paragraph (f). If the Company provides documentation to SMBR evidencing its own and its architect's and general contractor's good faith efforts, the Company shall be deemed in compliance with this paragraph (d). Failure to perform this obligation shall be considered a material breach of this Agreement. The City acknowledges that this obligation does not require the Company to modify, nullify or abrogate any contracts that the Company has entered into prior to the Effective Date of this Agreement.

- (e) The Company shall apprise SMBR when the Company desires assistance from SMBR in its efforts to meet the gender and ethnic specific M/WBE utilization goals. This assistance may include providing a list of certified M/WBE firms from which the Company may solicit or cause the architect or its general contractor to solicit participation in the design and construction of any improvements, identifying potential scopes of work, establishing the bid packages, scheduling and hosting outreach meetings, and assisting the Company, its architect, or general contractor in soliciting M/WBE firms to provide bids. The Company is not required to solicit participation during a period in which the Company is not engaged in designing and/or constructing its Manufacturing and Distribution Center, but rather, the Company is required to incorporate the standards and principles of the City's M/WBE Program Ordinance including the foregoing M/WBE utilization goals into its development process as and when such process exists in connection with the Manufacturing and Distribution Center.
- (f) The Company shall provide monthly reports to SMBR no later than the 10th day of each month to track (i) the utilization on a percentage basis of M/WBE firms in the

design and construction of the New Improvements; and (ii) a summary of the Company's efforts to implement the standards and principles of the City's M/WBE Program Ordinance. SMBR shall provide the forms to be used by the Company in submitting such reports.

- (g) Within thirty (30) days of receipt of the Company's final monthly report (as is required under paragraph (f) above for the preceding year, January 1st through December 31st (the "SMBR Compliance Period"), SMBR shall determine whether the Company is in compliance with the requirements of this Section 1.04. Should SMBR determine that the Company (or its architect or general contractor), has not complied with the obligations of this Section 1.04, the Company will forfeit the next anticipated Chapter 380 Payment. For example, if the Company (or its architect or general contractor) fails to comply with its obligations under Section 1.04 for one year, the Company will be required to forfeit one Chapter 380 Payment. If the Company fails to comply with the obligations for two years, the Company will be required to forfeit two Chapter 380 Payments, and so on.

1.06 Compliance with City Regulations. For the construction or remodeling, including leasehold improvements, of the Manufacturing and Distribution Center, or the construction or remodeling of any future facilities in the City's planning jurisdiction during the term of this Agreement, the Company will comply with all City Code regulations, including water quality regulations in effect at the time any site plan application is filed, unless the Company has negotiated an agreement with the City to comply with overall impervious cover limits and provide the currently required water quality controls. This means the Company will not assert possible Chapter 245 rights to avoid compliance with water quality regulations during the term of this Agreement. If, during the term of this Agreement, a development does not comply with water quality regulations in effect at the time any site plan application is filed for such development, after proper notice and a reasonable opportunity to cure the deficiency in accordance with Section 3.04, below, the City may terminate this Agreement by giving the Company written notice of its election to terminate.

1.07 Certificate of Compliance and Inspection.

- (a) Beginning March 31, 2014 and continuing each year thereafter during the term of this Agreement, the Company shall deliver to the City before March 31 of each year a Certificate of Compliance utilizing the form attached as Exhibit "B".
- (b) In the Certificate of Compliance, the Company shall warrant to the City that it is in full compliance with each of its obligations under this Agreement.
- (c) The City, and/or its representative(s), including third-parties contracted by the City, has the right to inspect all relevant records of the Company as are reasonably necessary to verify compliance with all requirements of this Agreement. Inspections shall be preceded by at least two week's notice in writing to the Company, shall be conducted at the Company's Austin-based manufacturing and distribution center or other mutually agreeable location.

1.08 Texas Government Code Chapter 2264. In accordance with Chapter 2264 of the Texas Government Code, the Company agrees not to knowingly employ any person who is not lawfully admitted for permanent residence to the United States or who is not authorized under law to be employed in the United States ("Undocumented Worker").

- (a) During the term of this Agreement, the Company shall notify City of any complaint brought against the Company alleging that the Company has employed Undocumented Workers.
- (b) If the Company, or a branch, division or department of the Company is convicted of a violation under 8 U.S.C. Section 1324a(f), the total amount of economic development grants it has received, together with interest at the rate of five percent (5%) from the date of each payment of an economic development grant, shall be repaid by the Company to the City not later than the one hundred twentieth (120th) day after the date the City notifies the Company of the violation.
- (c) The City shall recover court costs and reasonable attorney's fees incurred if it prevails in an action brought pursuant hereto to recover past economic development grants and interest. The Company shall not be liable for a violation of Chapter 2264 by a subsidiary, affiliate, or franchisee, or by a person with whom the Company contracts.

1.09 Failure to Meet Obligations. In the event that the Company fails to fulfill its obligations under this Agreement, and does not cure such failure after City sends notice of an Event of Default (as hereafter defined) to the Company and expiration of the cure period described in Section 3.04 below, the City may, at its option, terminate this Agreement in accordance with Section 3.08 (b) below. Upon termination of this Agreement for the Company's failure to cure an Event of Default, the City shall not be required to further pay, and the Company shall not be entitled to receive any further payments under this Agreement. The foregoing sentence shall not release the City from its obligation to make payment for any prior year(s) of this Agreement during which the Company did fulfill its obligations under the performance guidelines set forth in Sections 1.01 through 1.07, above.

1.10 Completion of Obligations. The Company's obligations to the City pursuant to this Agreement shall be completed whenever the Company has (i) made the required investment as provided in Section 1.01, and (ii) fulfilled the requirements in Section 1.02 to receive the incentive payments from the City as provided in Section 2.01.

II. City Obligations

2.01 Economic Development Incentive. As consideration for the Company's performance of its obligations under this Agreement, for a period of ten years beginning on the Effective Date, the City shall pay to the Company an annual Chapter 380 Payment ("Chapter 380 Payments") in an amount equivalent to:

- (a) 60% of the City property taxes levied on all personal property acquired after the Effective Date of this Agreement that is installed in the Manufacturing and Distribution Center; plus

- (b) 60% of the City property taxes levied on the increase of real property taxable valuation after the Effective Date of this Agreement for the Manufacturing and Distribution Center and improvements thereon which are owned or leased by the Company.

Such payment will commence with the tax year 2013 and terminate upon payment of the taxes for tax year 2022.

Replacements of existing personal property must be New Equipment and Machinery placed into service for, or supporting the operation of the Manufacturing and Distribution Center after the effective date in order to be eligible for the Chapter 380 Payment under this Agreement. Real property improvements constructed at the Manufacturing and Distribution Center, by or for the Company after the Effective Date are included among the property referenced in Section 2.01(b). Property taxes on the value of existing real property improvements are not included in the amount eligible for Chapter 380 Payments under section 2.01(b).

2.02 Schedule for Chapter 380 Payments and Coordination with Travis Central Appraisal District (TCAD).

- (a) In order to properly identify property which is eligible for Chapter 380 Payments, the Company will work with TCAD to create separate TCAD accounts for both new real property improvements and personal property acquired after the Effective Date.
- (b) With respect to the Chapter 380 Payments described in Section 2.01 above, on or before March 31st of each year during the term of this Agreement, the Company shall provide evidence to the City confirming the amount of the City property taxes paid by the Company to the Travis County tax collector or its successor (the "Property Tax Notice"). The Chapter 380 Payments with respect to the property taxes shall be based on the amount stated in the Property Tax Notice.
- (c) Provided the Company has demonstrated that it complied with the terms of the Agreement, the Chapter 380 Payment shall be paid to the Company by the City on an annual basis for the preceding year, on or before October 31st following the tax year for which taxes were paid. For example, the first Chapter 380 Payment shall be based on taxes paid for the calendar year 2013, and shall be paid on or before October 31, 2014, and the last Chapter 380 Payment shall be based on taxes paid for the calendar year 2022, and shall be paid on or before October 31, 2023.
- (d) If, after the October 31 payment date of any year, the Company is required to pay more City property taxes on its property with respect to which a Chapter 380 Payment is provided under this Agreement than the amount stated in the Property Tax Notice for the year preceding the applicable October 31 payment date, then the Company shall notify the City in writing of the amount of additional Property Tax paid by the Company to the County tax collector or its successor (the "Additional Property Tax Notice"). The City shall pay the Company the amount stated in the Additional Property Tax Notice at the same time as the next payment is due to the Company.

- (e) If the Company's property taxes owed are reduced at any time after the City's receipt of the Property Tax Notice or Additional Property Tax Notice, the Company must promptly notify the City of this change. If such notification is received by the City after the City has made the applicable Chapter 380 Payment to the Company, the subsequent Chapter 380 Payment will be reduced to reflect the property tax reduction of the prior year. If this reduction occurs during the last year of the Term, the Company must promptly refund to the City the amount reflecting the reduction in taxes for the applicable year.

A summary explanation and examples of payment of grants under this Agreement is attached as Exhibit "C".

2.03 The City is not obligated to make a grant payment for any year which does not qualify (*i.e.*, the City has determined that the Company has failed to meet the required performance measure or condition applicable to the Company for that year) and has provided written notice to the Company of such determination on or before October 31st of the following year and has given the Company an opportunity to cure such failure in accordance with Section 3.04 below.

III. General Terms

3.01 Term. The term for this Agreement is ten (10) years. This Agreement shall become enforceable upon execution and delivery by the City and the Company. Unless this Agreement is terminated earlier in accordance with Section 3.08, the Company's obligations to perform under this Agreement shall be completed on December 31, 2022 and the City shall make its final payment to the Company under this Agreement on or before October 31, 2023, provided the Company has demonstrated compliance with the terms of the Agreement.

3.02 Payments Subject to Future Appropriation. This Agreement shall not be construed as a commitment, issue, pledge or obligation of any specific taxes or tax revenues for payment to the Company.

- (a) All payments or expenditures made by the City under this Agreement are subject to the City's appropriation of funds for such payments or expenditures to be paid in the budget year for which they are made.
- (b) The payment(s) to be made to the Company, or other expenditure(s) under this Agreement, if paid, shall be made solely from annual appropriations of the City as may be legally set aside for the implementation of Article III, Section 52a of the Texas Constitution, Chapter 380 of the Texas Local Government Code, or any other economic development or financing program authorized by statute or home-rule powers of the City under applicable Texas law, subject to any applicable limitations or procedural requirements.
- (c) In the event the City does not appropriate funds in a given fiscal year for payments due or expenditures under this Agreement, the City shall not be liable to the Company for such payments or expenditures unless and until appropriation of the necessary funds is made; provided, however, that the Company, in its sole discretion, shall have the right, but not the obligation, to terminate this Agreement and shall have no

obligations under this Agreement for the year in which the City does not appropriate the necessary funds.

- (d) To the extent there is a conflict between this Section 3.02 and any other language or covenant in this Agreement, this Section 3.02 shall control.

3.03 Representations and Warranties. The City represents and warrants to the Company that the economic development program and this Agreement are within its authority, and that it is duly authorized and empowered to establish the economic development program and enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. The Company represents and warrants to the City that it has the requisite corporate authority to enter into this Agreement.

3.04 Event of Default. If either the City or the Company should fail in the performance of any of its obligations under this Agreement, such failure or omission to perform shall constitute an "Event of Default" under this Agreement. When an Event of Default occurs, the non-defaulting party shall provide the defaulting party with written notice of the alleged Event of Default (pursuant to Section 3.09, below), and allow the defaulting party a minimum period of ninety (90) calendar days after the receipt of this notice to cure such Event of Default, prior to terminating this Agreement, instituting an action for breach of contract or pursuing any other remedy for the event of default.

3.05 Entire Agreement. This Agreement contains the entire agreement between the Parties. All prior negotiations, discussions, correspondence, and preliminary understandings between the parties and others relating to the Parties' obligations are superseded by this Agreement. This Agreement may only be modified, altered or revoked by written amendment signed by the City and the Company.

3.06 Binding Effect. This Agreement shall be binding on and inure to the benefit of the Parties, their respective successors and assigns.

3.07 Assignment. Except as provided below, the Company may not assign its rights or obligations under this Agreement to a third party without prior written approval of the City. The City's approval of the assignment shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary, the Company may assign all or part of its rights and obligations under this Agreement without the prior consent of the City to an affiliate of the Company in which the Company owns at least a fifty percent (50%) interest, or to a third party lender advancing funds for the acquisition, construction or operation of the Company's Manufacturing and Distribution Center facility.

3.08 Termination.

- (a) **Termination by the Company for convenience.** In the event the Company elects not to proceed with the Project as contemplated by this Agreement, the Company shall notify the City in writing, and this Agreement and the obligations on the part of both Parties shall be deemed terminated and of no further force or effect. Provided that, such termination for convenience shall not release the City from its obligation to make a Chapter 380 Payment for any prior year(s) of this Agreement during which

the Company did fulfill its obligations under the performance guidelines set forth in Sections 1.01 through 1.07 above.

- (b) **Termination for Cause.** If either Party to this Agreement fails to meet its obligations under this Agreement, and the non-defaulting party provides notice of the Event of Default as set forth in Section 3.04, above, and the Event of Default is not cured within the ninety (90) calendar day cure period, this Agreement may be terminated by the non-defaulting party after expiration of the ninety (90) calendar day cure period.
- 3.09 **Notice.** Any notice and/or statement required or permitted to be delivered shall be deemed delivered by actual delivery, by facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

To the Company:

HID Global Corporation
Attn: Chief Financial Officer
15370 Barranca Parkway
Irvine, CA 92618
Phone: (949) 732-2000
Fax: (949) 732-2120
Re: Economic Development Agreement

To the City:

City of Austin
Attn: City Manager
301 West 2nd Street
Austin, Texas 78701
(P.O. Box 1088, Austin, Texas 78767)
Phone: (512) 974-2200
Fax: (512) 974-2833

with copies to:

City of Austin
Attn: Director, Economic Growth and Redevelopment Services Office
301 West 2nd Street
Austin, Texas 78704
Phone: (512) 974-7802
Fax: (512) 974-7825

City of Austin
Attn: Jacqueline Cullom, Assistant City Attorney
301 West 2nd Street, 4th Floor
Austin, Texas 78701

Phone: (512) 974-2268
Fax: (512) 974-2894

Either party may designate a different address at any time upon written notice to the other party.

3.10 Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall be interpreted as being drafted by both Parties in conjunction with the other, neither more strongly for, nor against any party.

3.11 Applicable Law and Venue. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas. Venue for any dispute arising under this Agreement shall lie in the state courts of Travis County, Texas.

3.12 Severability. In the event any provision(s) of this Agreement is deemed illegal, invalid or unenforceable under present or future law(s) by a court of competent jurisdiction, it is the intention of the Parties that the remainder of this Agreement shall not be affected. It is also the intention of the Parties that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision will be substituted by written amendment to this Agreement which is legal, valid or enforceable and similar in terms as possible to the provision deemed to be illegal, invalid or unenforceable.

3.13 Section Headings. The Section headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

3.14 No Third Party Beneficiaries. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.

3.15 No Joint Venture. It is acknowledged and agreed by the Parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past, current and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the Manufacturing and Distribution Center or the design, construction or operation of any portion thereof.

3.16 Public and Confidential Information. Information provided by or on behalf of the Company under or pursuant to this Agreement that the Company considers as proprietary shall be maintained as confidential to the extent allowed by law. If proprietary financial or trade secret information is requested under the Texas Public Information Act, the City shall follow the standards set out in the Act and under the Texas Attorney General's procedures for such requests, and the Company shall be responsible for defending the confidentiality of such information. Other records and information provided to the City and its representatives to verify compliance with this Agreement shall be available for public inspection. The City's right to verify the existence of Fulltime employees will be accomplished in a manner that does not breach any privacy policy of Company.

3.17 Counterparts. This Agreement may be executed in several identical counterparts by the Parties on separate counterparts, and each counterpart, when so executed and delivered, shall constitute an original instrument, and all such separate counterparts combined shall constitute one (1) original agreement.

3.18 Exhibits. The following Exhibits are attached and incorporated by reference for all purposes:

Exhibit "A":	Fair Employment Practices
Exhibit "B":	Certificate of Compliance
Exhibit "C":	Schedule of Reports and Payments

EXECUTED by the authorized representatives of the Parties on the dates indicated below.

HID GLOBAL CORPORATION
a Delaware corporation

By: _____

Denis R. Hébert
President & CEO

CITY OF AUSTIN,
a home-rule municipal corporation

By: _____

Marc A. Ott
City Manager

Date: October 10, 2012

Date: 10/4/12, 2012

Approved as to form:

Assistant City Attorney

EXHIBITS:

Exhibit "A": Fair Employment Policies and Practices

Exhibit "B": Certificate of Compliance

Exhibit "C": Schedule



January 1, 2012

To: All Employees

Subject: **EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION POLICY**

The continued success of HID Global Corporation depends heavily on the full and effective utilization of qualified people, regardless of race, color, religion, sex, age, national origin, disability, pregnancy, medical condition, family care status, marital status, sexual orientation, veteran status and any other basis protected by federal or state law. We have a continuing obligation to hire and develop the best people we can find, basing our judgment on their job-related qualifications, not only because it is legally required but also because it is morally right and good business.

We will continue to direct our employment and personnel practices toward ensuring truly equal opportunity for everyone.

We intend that all matters relating to recruiting, hiring, training, compensation, benefits, promotions, transfers, layoffs, recall from layoffs, Company-sponsored educational, social and recreational programs and all treatment on the job will be free of discriminatory practices.

As opportunities for transfer, advancement and promotions occur, periodic reviews and analysis of personnel records will be made to ensure that all minority and female employees continue to receive equal consideration and that only valid requirements are imposed for these opportunities.

The Senior Human Resources Generalist, Mary Jane Rylaarsdam, will have responsibility for the implementation of our Affirmative Action Plan and is designated as the EEO Coordinator. With the cooperation and assistance of appropriate staff and operating personnel, the EEO Coordinator will monitor the Company's performance and report to the Vice President, Human Resources periodically on the results.

Please contact Ms. Rylaarsdam regarding any equal employment opportunity or affirmative action questions or concerns. She can be reached at (949) 732-2011.

We intend to measure ourselves against specific objectives that will continue to move our total employment practices forward with full and equal participation of all employees in the opportunities available at HID Global Corporation.

Thank you for your cooperation.

A handwritten signature in black ink, appearing to read "Denis Hebert", written over a horizontal line.

Denis Hebert
President and CEO

Exhibit B

Certificate of Compliance

Company: HID Global

Reporting Year: January 1 through December 31, 20__ Year # __ of 10

1.0 Investment

- 1.1 §1.01 of the Agreement states that after the Effective Date and before June 30, 2014, HID Global (or its lessor or landlord or the owner of the real property of HID Global's Manufacturing and Distribution Center) shall invest at least \$30,000,000.00 to construct HID Global's Austin Manufacturing and Distribution Center.
- a. To date the City has not verified HID Global's investment in constructing the Company's Manufacturing and Distribution Center.
- b. \$_____ has been invested to construct HID Global's Manufacturing and Distribution Center for the reporting year ending December 31, 20__.
- 1.2 §1.01 of the Agreement states that after the Effective Date and before December 31, 2017, HID Global shall invest at least \$6,000,000.00 in Business Personal Property to be installed and used at HID Global's Manufacturing and Distribution Center to support the operation of the Manufacturing and Distribution Center.
- a. To date the City has not verified HID Global's investment in Business Personal Property.
- b. HID Global has invested \$_____ in Business Personal Property at the Manufacturing and Distribution Center for the reporting year ending December 31, 20__.

2.0 Employment

- 2.1 §1.02(a) and 1.02(b) of the Agreement require HID Global to create 294 New Full-time Jobs by December 31, 2014 and retain those New Full-time Jobs throughout the term of the Agreement. The cumulative job creation schedule is as follows:
- 147 New Full-time Jobs before December 31, 2014; and
276 New Full-time Jobs before December 31, 2015.
- Number of New Full-time Jobs created and retained as of December 31, 20__ : ____
- 2.2 §1.02(c) of the Agreement requires that the average annual compensation, excluding health insurance and retirement benefits, of the New Full-Time Jobs created and retained shall be as follows:

<u>Year</u>	<u>Minimum Average Annual Compensation</u>
2013	\$ 44,336
2014	\$ 44,336
2015	\$ 53,163
2016	\$ 53,163
2017	\$ 53,163
2018	\$ 53,163
2019	\$ 53,163
2020	\$ 53,163
2021	\$ 53,163
2022	\$ 53,163

Exhibit B

Certificate of Compliance

Company: HID Global

Reporting Year: January 1 through December 31, 20__ Year # __ of 10

- 2.3 Did the average annual compensation, excluding health insurance and retirement benefits, of the New Full-Time Jobs created and retained during the year ended December 31, 20__ equal or exceed the requirements in §1.02(c) of the Agreement?

☐ Yes

☐ No

- 2.4 As of December 31, 20__ did the number of New Full-time Jobs created and retained fall below the numbers required under §1.02(a) and 1.02(b) of the Agreement?

☐ Yes

☐ No

If not, skip to Section 3.

- 2.5 Did HID Global re-establish, create or reinstate the required number of New Full-time Jobs created and retained within 90 days after December 31, 20__ as required by §1.02(d) of the Agreement?

☐ Yes

☐ No

- 2.6 Number of New Full-time Jobs created and retained as of March 31, 20__: _____

- 2.7 Did the average annual compensation, excluding health insurance and retirement benefits, of the New Full-Time Jobs created and retained as of March 31, 20__ equal or exceed the requirements in §1.02(c) of the Agreement?

☐ Yes

☐ No

3.0 Recruitment

- 3.1 §1.03 of the Agreement requires HID Global to:

- a. Make commercially reasonable efforts to work with non-profit organizations such as the Greater Austin Asian Chamber of Commerce, the Capital City African American Chamber of Commerce, the Greater Austin Hispanic Chamber of Commerce, the National Society of Black Engineers, the Austin Gay and Lesbian Chamber of Commerce, the Austin Travis County Reentry Roundtable, Minorities for Equality in Employment Education and Liberty, the Society of Hispanic Professional Engineers, the Texas Department of Assistive and Rehabilitative Services (DARS), and other appropriate organizations as approved by the City, to expand its pool of diverse candidates in hiring recruitment efforts for the jobs at the Manufacturing and Distribution Center;
- b. Make commercially reasonable efforts to recruit residents of the Austin area for its New Full-time Jobs; and
- c. Adhere to its Equal Employment Policies and Practices attached as Exhibit A to the Agreement.

- 3.2 Did HID Global comply with the recruiting requirements in §1.03 of the Agreement during the year ended December 31, 20__?

☐ Yes

☐ No

Exhibit B

Certificate of Compliance

Company: HID Global

Reporting Year: January 1 through December 31, 20__ Year # __ of 10

4.0 Local Business Participation

- 4.1 §1.04(a) of the Agreement requires HID Global to use commercially reasonable efforts to provide minority-owned, women-owned and local small businesses certified by the City's Small and Minority Business Resources Department (SMBR) an equal opportunity to participate as suppliers for materials and services purchased by the Company exclusively for use at its Manufacturing and Distribution Center.

Did HID Global comply with the local business participation requirements in §1.04(a) of the Agreement during the year ended December 31, 20__?

☐ Yes

☐ No

- 4.2 §1.04(b) of the Agreement requires HID Global to:

- Develop and submit to the City a reasonable supplier diversity policy regarding HID Global' procurement of materials and services to be used exclusively at the Manufacturing and Distribution Center within 90 days of the Effective Date of the Agreement; and
- Adhere to this policy for the procurement of materials and services at the Manufacturing and Distribution Center with respect to any individual procurement of materials or services for which the cost is more than \$5,000.

Did HID Global comply with the local business participation requirements in §1.04(b) of the Agreement during the year ended December 31, 20__?

☐ Yes

☐ No

- 4.3 Was there any design or construction work at HID Global's Manufacturing and Distribution Center during the year ended December 31, 20__?

☐ Yes

☐ No

If not, skip to Section 5.0.

- 4.4 §1.04(c) of the Agreement requires HID Global to comply with the applicable standards and principles of Chapters 2-9A through 2-9D of the City's M/WBE Program Ordinance in the letting of contracts for design and construction of the company's Austin Manufacturing and Distribution Center

- 4.5 §1.04(d) of the Agreement requires that with respect to any design or construction projects at the company's Austin Office, HID Global, its architect and general contractor shall meet the following ethnic/gender-specific participation goals:

	Minimum Goal	Target Goal
African-American-owned Business Enterprises	1.9%	1.7%
Hispanic-owned Business Enterprises	9.0%	9.7%
Asian-American and Native American-owned Business Enterprises	4.9%	2.3%
Women-owned Business Enterprises	15.8%	13.8%

Exhibit B

Certificate of Compliance

Company: HID Global

Reporting Year: January 1 through December 31, 20__ Year # __ of 10

In an effort to meet the ethnic/gender-specific M/WBE utilization goals, HID Global shall implement an outreach program designed to solicit participation of minority-owned and women-owned businesses. These outreach efforts should also target small businesses generally. HID Global may seek SMBR's assistance in these outreach efforts as described in Section 1.04(d).

For any year in which HID Global and the general contractor fail to meet each of these goals, HID Global and the architect or general contractor must demonstrate good faith efforts to meet the goals as described in the City's M/WBE Program Ordinance. HID Global shall submit periodic documentation demonstrating its own, the architect's and/or the general contractor's good faith efforts to meet the goals, as required under Section 1.04(f) of the Agreement.

- 4.6 §1.04(e) of the Agreement requires HID Global to apprise SMBR when the Company desires assistance from SMBR in its efforts to meet the gender and ethnic specific M/WBE utilization goals.
- 4.7 §1.04(f) of the Agreement requires HID Global to provide monthly reports to SMBR, on forms provided by SMBR, to track (i) the utilization on a percentage basis of M/WBE firms in the design and construction of buildings or improvements; and (ii) a summary of HID Global's efforts to implement the standards and principles of the City's M/WBE Program Ordinance.
- 4.8 Did HID Global comply with the requirements in §1.04(c), 1.04(d) and §1.04(e) and §1.04(f) of the Agreement during the year ended December 31, 20__?
- ☐ Yes ☐ No

5.0 Additional Covenants

- 5.1 Did HID Global timely submit its Property Tax Notice as is required under Section 2.02(b) of the Agreement during the year ended December 31, 20__?
- ☐ Yes ☐ No
- 5.2 Did HID Global timely submit this Certificate of Compliance as is required under Section 1.06 of the Agreement during the year ended December 31, 20__?
- ☐ Yes ☐ No
- 5.3 Did HID Global comply with the other provisions of the Agreement during the year ended December 31, 20__?
- ☐ Yes ☐ No

Exhibit B

Certificate of Compliance

Company: HID Global

Reporting Year: January 1 through December 31, 20 Year # of 10

6.0 Chapter 380 Payment Request

- 6.1 Based on HID Global's performance during the term of the Agreement, the Agreement provides for annual Chapter 380 payments equal to 60% of the City of Austin property taxes paid on the increase in taxable value of the Manufacturing and Distribution Center and on new business personal property acquired after the Effective Date of the Agreement that is installed and used at the Manufacturing and Distribution Center.

Real Property

Business Personal Property

City property taxes paid for
January 1, 20 valuation: _____

Chapter 380 Payment Request: _____

- 6.2 Property Tax Notice is attached:

☐ Yes

☐ No

I, the authorized representative for HID Global hereby certify that the above information is correct and accurate pursuant to the terms of the Agreement. I further certify that HID Global complied fully with the Chapter 380 Economic Development Agreement during the year ended December 31, 20, including Section 1.05 regarding Compliance with City Regulations and Section 1.07 regarding Texas Government Code Chapter 2264.

Signature: _____

Printed Name: _____

Title (Chief Financial Officer or equivalent): _____

Date: _____

Exhibit C
Schedule of Reports and Payments

	<i>Company's Actions</i>	<i>TCAD's Actions</i>	<i>City's Actions</i>
2012	<ol style="list-style-type: none"> 1 Execute agreement 2 Work with TCAD to set up accounts to hold real property and business personal property investment 3 Invest in real property improvements and business personal property 	Establish baseline of real property	<ol style="list-style-type: none"> 1 Execute agreement
2013	<ol style="list-style-type: none"> 1 Comply with Chapter 380 Agreement 	On January 1 appraise Year 1 value of applicable accounts	<ol style="list-style-type: none"> 1 Budget anticipated Year 1 payment
2014	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 1 appraised value 2 By March 31, provide Year 1 Certificate of Compliance 3 Comply with Chapter 380 Agreement 	On January 1, appraise Year 2 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 1 Chapter 380 payment amount 2 Verify Year 1 compliance 3 Budget anticipated Year 2 payment 4 Make Year 1 incentive payment by October 31
2015	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 2 appraised value 2 By March 31, provide Year 2 Certificate of Compliance 3 Comply with Chapter 380 Agreement 	On January 1, appraise Year 3 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 2 Chapter 380 payment amount 2 Verify Year 2 compliance 3 Budget anticipated Year 3 payment 4 Make Year 2 incentive payment by October 31
2016	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 3 appraised value 2 By March 31, provide Year 3 Certificate of Compliance 3 Comply with Chapter 380 Agreement 	On January 1, appraise Year 4 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 3 Chapter 380 payment amount 2 Verify Year 3 compliance 3 Budget anticipated Year 4 payment 4 Make Year 3 incentive payment by October 31
2017	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 4 appraised value 2 By March 31, provide Year 4 Certificate of Compliance 3 Comply with Chapter 380 Agreement 	On January 1, appraise Year 5 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 4 Chapter 380 payment amount 2 Verify Year 4 compliance 3 Budget anticipated Year 5 payment 4 Make Year 4 incentive payment by October 31
2018	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 5 appraised value 2 By March 31, provide Year 5 Certificate of Compliance 3 Comply with Chapter 380 Agreement 	On January 1, appraise Year 6 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 5 Chapter 380 payment amount 2 Verify Year 5 compliance 3 Budget anticipated Year 6 payment 4 Make Year 5 incentive payment by October 31
2019	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 6 appraised value 2 By March 31, provide Year 6 Certificate of Compliance 3 Comply with Chapter 380 Agreement 	On January 1, appraise Year 7 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 6 Chapter 380 payment amount 2 Verify Year 6 compliance 3 Budget anticipated Year 7 payment 4 Make Year 6 incentive payment by October 31
2020	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 7 appraised value 2 By March 31, provide Year 7 Certificate of Compliance 3 Continue to comply with terms of agreement 	On January 1, appraise Year 8 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 7 Chapter 380 payment amount 2 Verify Year 7 compliance 3 Budget anticipated Year 8 payment 4 Make Year 7 incentive payment by October 31

Exhibit C
Schedule of Reports and Payments

2021	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 8 appraised value 2 By March 31, provide Year 8 Certificate of Compliance 3 Continue to comply with terms of agreement 	On January 1, appraise Year 9 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 8 Chapter 380 payment amount 2 Verify Year 8 compliance 3 Budget anticipated Year 9 payment 4 Make Year 8 incentive payment by October 31
2022	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 9 appraised value 2 By March 31, provide Year 9 Certificate of Compliance 3 Continue to comply with terms of agreement 	On January 1, appraise Year 10 value of applicable accounts	<ol style="list-style-type: none"> 1 Verify Year 9 Chapter 380 payment amount 2 Verify Year 9 compliance 3 Budget anticipated Year 10 payment 4 Make Year 9 incentive payment by October 31
	<ol style="list-style-type: none"> 1 By January 31, pay taxes on Year 10 appraised value 2 By March 31, provide Year 10 Certificate of Compliance 		<ol style="list-style-type: none"> 1 Verify Year 10 Chapter 380 payment amount 2 Verify Year 10 compliance 3 Make Year 10 incentive payment by October 31

ATTACHMENT E
AFFIRMATIVE ACTION AT HID GLOBAL CORPORATION

HID Global satisfies the US Department of Labor's definition of a Federal Contractor and is committed to full and active compliance with the OFCCP Affirmative Action requirements.

The Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) enforces the Executive Order 11246, as amended; Section 503 of the Rehabilitation Act of 1973, as amended and the affirmative action provisions (Section 4212) of the Vietnam Era Veterans' Readjustment Assistance Act, as amended. Taken together, these laws ban discrimination and require Federal contractors and subcontractors to take affirmative action to ensure that all individuals have an equal opportunity for employment, without regard to race, color, religion, sex, national origin, disability or status as a Vietnam era or special disabled veteran.

OFCCP requires a contractor, as a condition of having a federal contract, to engage in a self-analysis for the purpose of discovering any barriers to equal employment opportunity. No other Government agency conducts comparable systemic reviews of employers' employment practices to ferret out discrimination. OFCCP also investigates complaints of discrimination. Moreover, OFCCP programs prevent discrimination.

HID Global's Affirmative action goes beyond non-discrimination. Whereas equal opportunity is passive, affirmative action is positive, constructive action. The general premise underlying affirmative action is that absent discrimination, over time an employer's workforce, generally, will reflect the gender, racial, and national origin/ethnicity profile of the labor pools from which the employer recruits and hires its employees. Affirmative action attempts to compensate for past discriminatory practices by requiring federal contractors to engage in "good faith efforts" to expand outreach and recruitment of women, minorities, persons with disabilities and certain protected veterans, thereby making them aware of employment opportunities and providing access to be able to pursue such opportunities.

An Affirmative Action Plan is a written document containing information and analyses of a federal contractor's workforce. As a policy, this Plan is only available to be viewed by employees of HID Global. The Affirmative Action includes employee data and national census data to analyze the demographics of the HID's workforce in relation to the demographics of qualified and available individuals in the relevant labor pool (local, regional, etc.). This data is used to determine what group(s) are underutilized in a given job group and to establish placement goals to address the underutilization. If underutilization is present, good faith efforts are taken to promote representation.

Currently, HID Global is in full compliance with the OFCCP guidelines at all relevant worksites.